

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): September 20, 2001

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

California
(State or other jurisdiction of
incorporation or organization)

0-21810
(Commission
File Number)

95-4318554
(I.R.S. Employer
Identification No.)

5462 Irwindale Avenue
Irwindale, California 91706
(626) 815-7400

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

Item 5. Other Events.

On September 20, 2001, the Company obtained a loan from Big Beaver Investments LLC ("Big Beaver"), one of the Company's principal shareholders, for an initial advance of \$500,000 and, at the Company's request and subject to certain conditions precedent, additional advances of up to an additional \$1.0 million. The bridge loan is secured by substantially all personal property of the Company. The bridge loan is necessary to allow the Company to continue operations pending the raising of additional financing. The amount of the bridge loan may not be adequate to permit the Company to continue operations beyond December 1, 2001 even if fully drawn.

The advances accrue interest at 10% per annum, which is 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 Common Stock at a 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"). In the event the Company issues in excess of \$1.5 million of equity securities in an offering at an issuance price that is less than the Market Price with respect to the bridge loan, the conversion price will be adjusted to the issuance price of the equity securities. Additional advances will also be convertible based on the average price of the Company's Common Stock during the ten days preceding such additional advances. The loans mature and all outstanding principal and accrued interest become due and payable on the earlier of December 1, 2001, or when 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 Beaver.

In connection with the bridge loan, the Company issued to Big Beaver a warrant for the right to purchase _____ shares of the Company's Common Stock (equal to 18% of the principal amount of \$1.5 million divided by the conversion price). The exercise price of the warrant is adjustable in the same manner as the conversion price of the loan. The proceeds of the bridge loan were allocated among the bridge loan and the warrant based upon their relative fair values. If, after giving effect to Big Beaver's conversion rights under the bridge loan and exercise rights under the warrant, Big Beaver will have the right to acquire more than 20% of the outstanding common stock of the Company such that a shareholder vote would be required under applicable Nasdaq rules, then Big Beaver's rights will be limited to only 19.99% of the outstanding common stock until the Company complies with such Nasdaq rules. The Company has agreed to use its best efforts to comply with the Nasdaq rules, including the obtaining of any shareholder approvals, to permit Big Beaver to exercise its rights in full.

Item 7. Exhibits.

Exhibit

Exhibit No.	Description
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10.1	Credit Agreement, dated September 20, 2001, between Amerigon Incorporated and Big Beaver Investments LLC.
10.2	Security Agreement, dated September 20, 2001, between Amerigon Incorporated and Big Beaver Investments LLC.
10.3	Patent and Trademark Security Agreement, dated September 20, 2001, between Amerigon Incorporated and Big Beaver Investments LLC.
10.4	Convertible Promissory Note, dated September 20, 2001, issued to Big Beaver Investments LLC.
10.5	Bridge Loan Warrant, dated September 20, 2001, issued to Big Beaver Investments LLC.
10.6	Second Amendment to Investor Rights Agreement, dated September 20, 2001, among Amerigon Incorporated, Big Beaver Investments LLC, and Westar Capital II LLC.
10.7	Membership Interest Pledge Agreement, dated September 20, 2001, between Amerigon Incorporated and Big Beaver Investments LLC.
10.8	Third Amendment to Option Agreement, dated September 4, 2001, among Amerigon Incorporated, BSST LLC and Dr. Lon E. Bell.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERIGON INCORPORATED

By: /s/ Richard A. Weisbart

Richard A. Weisbart
President and Chief Executive Officer

Date: September 20, 2001

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), dated as of September 20, 2001, is made between Amerigon Incorporated, a California corporation (the "Company"), and Big Beaver Investments LLC, a Delaware limited liability company (the "Lender").

The Company has requested the Lender to make a term loan to the Company in an aggregate principal amount of up to One Million Five Hundred Thousand Dollars (\$1,500,000) as provided herein. The Lender is willing to make such loan upon the terms and subject to the conditions set forth in this Agreement.

The Lender may elect to convert some or all of such loan into 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 a warrant to purchase shares of Common Stock of the Company to the Lender or its members as provided herein.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

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

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

"BRIDGE LOAN WARRANT" has the meaning set forth in Section 2.12.

"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.

"CHARTER DOCUMENTS" means the Company's articles of incorporation, bylaws and other organizational documents, each as may be amended, modified or restated from time to time.

"COMMON STOCK" means the Common Stock, no par value per share, of the Company, and any securities or other property into or for which such Common Stock may hereafter be converted or exchanged.

"CLOSING DATE" means the date upon which the conditions set forth in Sections 3.01 and 3.02 are satisfied and the Lender makes the First Loan Advance to the Company.

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

"COMMITMENT" means the Lender's obligation to make the Loan on the terms and conditions set forth in 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/or environmental protection matters, including Hazardous Substances.

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

"FINAL MATURITY DATE" means the earlier to occur of (i) December 1, 2001, (ii) the occurrence of a Trigger Event, or (iii) acceleration of the Loan pursuant to Section 6.02.

"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 (6) 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/or (vi) all indebtedness of another Person of the types referred to in clauses (i) through (v) guaranteed directly or indirectly in any manner by the Person for whom indebtedness is being determined, or in effect guaranteed directly or indirectly by such Person through an agreement to purchase or acquire such indebtedness, to advance or supply funds for the payment or purchase of such indebtedness or otherwise assure a creditor against loss, or secured by any Lien upon or in property owned by the Person for whom indebtedness is being determined, whether or not such Person has assumed or become liable for the payment of such indebtedness of such other Person.

"INVESTORS RIGHTS AGREEMENT" means the Investors' Rights Agreement dated as of June 8, 1999 among the Company, the Lender and Westar Capital II LLC, a Delaware limited liability company ("Westar").

"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 in the ordinary course of business not intended as security).

"LOAN ADVANCE" has the meaning set forth in Section 2.01.

"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 or the Loan.

"LOAN" has the meaning set forth in Section 2.01.

"MARKET PRICE" shall mean (i) the average closing bid price of the Common Stock, for ten (10) consecutive Business Days ending on the Closing Date, as reported by Nasdaq, if the Common Stock is traded on the Nasdaq SmallCap Market, or (ii) the average last reported sale price of the Common Stock, for ten (10) consecutive Business Days ending on the Closing Date, as reported by the primary exchange on which the Common Stock is traded, if the Common Stock is traded on a national securities exchange, or by Nasdaq, if the Common Stock is traded on the Nasdaq National Market; provided, however, that such price shall not be greater than the average closing bid price or the last reported sale price, as the case may be, for the ninety (90) calendar days ending on the Closing Date.

"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 any 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.

"MEMBERSHIP PLEDGE AGREEMENT" means the Membership Interest Pledge Agreement between the Company and the Lender, in form and substance satisfactory to the Lender.

"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 the Loan, 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 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 real property or risk the loss or forfeiture thereof.

"PERSON" means an individual, corporation, partnership, limited liability company, 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 the 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 LOAN

SECTION 2.01 LOAN. Subject to the terms and conditions of this Agreement, including satisfaction of the conditions set forth under Article III, the Lender agrees to make a term loan to the Company in an aggregate principal amount of One Million Five Hundred

Thousand Dollars (\$1,500,000) (the "Loan"), to be advanced to the Company in four (4) installments as follows (each a "Loan Advance"): (i) the first distribution of Five Hundred Thousand Dollars (\$500,000) is to be advanced on the Closing Date (the "First Loan Advance"); (ii) the second distribution of Two Hundred Fifty-Thousand Dollars (\$250,000) is to be advanced on October 1, 2001 (the "Second Loan Advance"); (iii) the third distribution of Two Hundred Fifty-Thousand Dollars (\$250,000) is to be advanced within two (2) Business Days after the Company satisfies the conditions set forth in Section 3.04, but in no event earlier than October 1, 2001 (the "Third Loan Advance"); and (iv) the fourth distribution of Five Hundred Thousand Dollars (\$500,000) is to be advanced on November 1, 2001 (the "Fourth Loan Advance"). Whenever any Loan Advance hereunder shall be stated to be made on a day other than a Business Day, then such Loan Advance shall be made on the next succeeding Business Day.

SECTION 2.02 [INTENTIONALLY OMITTED]

SECTION 2.03 EVIDENCE OF INDEBTEDNESS. 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 the Loan.

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

Any principal payments on the Loan not paid when due and, to the extent permitted by applicable law, any interest payments on the Loan 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 five percent (5%) per annum in excess of the interest rate otherwise payable under this Agreement for the Loan. 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 the Lender.

SECTION 2.05 COMPUTATIONS. All computations of fees and interest hereunder shall be made on the basis of a year of three hundred sixty (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 [INTENTIONALLY OMITTED]

SECTION 2.08 REPAYMENT OF THE LOAN. The Company hereby promises to pay to the Lender the outstanding principal amount of the Loan 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 Loan 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. Each prepayment 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 2.10 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 or 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 in writing 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 accrued 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 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 and/or interest accrued under all or a portion of the Note into Common Stock at a conversion price equal to the Market Price of the Common Stock; provided, however, that if the

Company, while any of the Obligations shall remain unpaid or the Lender shall have any Commitment, issues equity securities in excess of One Million Five Hundred Thousand Dollars (\$1,500,000) in an offering at an issuance price that is less than the Market Price, the conversion price shall be reduced to such issuance price (the "Conversion Price"). The Conversion Price shall be subject to adjustment as set forth in Section 2.11(c).

(b) MECHANICS OF CONVERSION. Before the Lender shall be entitled to convert the Note into shares of 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 Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to the Lender, or to the nominee or nominees of the Lender, a certificate or certificates for the number of shares of 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 (or a copy thereof as provided herein) and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of 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, as amended (the "Securities Act"), the conversion may, at the option of the Lender, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person or persons entitled to receive the 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 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 Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock without payment of any consideration by such holder for the additional shares of 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 Common Stock issuable on conversion of the Note shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding. In the event the Company shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Company shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

(ii) If the number of shares of 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 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 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 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 any of its Charter Documents 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 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 the Note the Lender is at the time converting into Common Stock and the number of shares of 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 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 twenty (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 Common Stock, solely for the purpose of effecting conversion of the Note, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of the Note; and if at any time the number of authorized but unissued shares of 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 opinion of its counsel, be necessary to increase its authorized but unissued shares of 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 Charter Documents.

(i) NO SHAREHOLDER 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 shareholder in respect of meeting of shareholders for the election of directors of the Company or any or any other matters or any other rights whatsoever as a shareholder of the Company and no dividends or interest shall be payable or accrued in respect of the Note or the Common Stock obtainable under this Section 2.11 until, and only to the extent that, the Note shall have been converted.

(j) SATISFACTION OF THE LOAN UPON CONVERSION. If the Note is converted in full into Common Stock as provided herein, it will be deemed to be payment in full for all purposes of this Agreement and the other Loan Documents (except the Bridge Loan Warrant), or if the Note is converted in part into Common Stock as provided herein, it will be deemed to be payment under this Agreement and the other Loan Documents (except the Bridge Loan Warrant) up to the amount of the Note so converted.

SECTION 2.12 WARRANT.

(a) Concurrently with the execution of this Agreement, and in consideration of the Lender's agreement to make the Loan to the Company, the Company will issue to the Lender a warrant to purchase an amount of the Common Stock of the Company equal to eighteen (18%) of the principal amount of the Loan (i.e. 270,000) divided by the Exercise Price (as defined below) and on the terms and conditions set forth in Exhibit A hereto (the "Bridge Loan Warrant").

(b) The Exercise Price of the Warrant shall be equal to the Conversion Price, as further provided in the Bridge Loan Warrant.

SECTION 2.13 LIMITATION ON CONVERSION RIGHTS AND EXERCISE OF WARRANT.

To the extent that, after giving effect to the Lender's conversion under the Note and exercise under the Bridge Loan Warrant, the Lender will have the right to acquire twenty percent (20%) or more of the outstanding Common Stock of the Company such that a shareholder vote is required under applicable NASDAQ rules, the Lender will have (i) the right to acquire up to nineteen and ninety-nine one hundredths percent (19.99%) of the outstanding Common Stock of the Company and (ii) the conditional right to acquire a greater percentage of the outstanding Common Stock, as contemplated by Sections 2.11 and 2.12, at such time that the Company complies with applicable NASDAQ rules. Notwithstanding anything to the contrary, the Company will use its best efforts to comply with such NASDAQ rules, including obtaining the necessary shareholder approval.

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01 CONDITIONS PRECEDENT TO THE LOAN AND THE FIRST LOAN ADVANCE.

The obligation of the Lender to make the Loan and the First Loan Advance shall be subject to the satisfaction of each of the following conditions precedent before or concurrently on the Closing Date:

(a) FEES AND EXPENSES. The Company shall have paid all fees and invoiced costs and expenses then due hereunder, including fees, costs and expenses set forth in Section 7.04(a).

(b) LOAN DOCUMENTS. The Lender shall have received the following Loan Documents: (i) this Agreement executed by the Company; (ii) the Note 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 its Charter Documents 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) BRIDGE LOAN WARRANT. The Lender shall have received a duly executed Bridge Loan Warrant, in the form attached hereto as Exhibit A.

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

(h) AMENDMENT TO OPTION AGREEMENT. The Lender shall have received a duly executed Third Amendment to Option Agreement, in the form attached hereto as Exhibit D.

(i) ESTOPPEL CERTIFICATE. The Lender shall have received a certificate, in the form attached hereto as Exhibit E, executed by Westar and each of the Company's directors and officers who hold capital stock or other securities of the Company.

(j) LANDLORD'S WAIVER. The Lender shall have received an agreement and waiver, in the form attached hereto as Exhibit F, executed by the Company's landlord for the premises located in Irwindale, California.

SECTION 3.02 CONDITIONS PRECEDENT TO THE LOAN AND ALL LOAN ADVANCES. The obligation of the Lender to make the Loan and each Loan Advance shall be subject to the satisfaction of each of the following conditions precedent before or concurrently on the date of the Loan and each Loan Advance:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in this Agreement and the other Loan Documents, or in any certificate or document delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby, shall be true on and as of the date of the Loan and each Loan Advance as though such representations and warranties were made at and as of such date(s).

(b) COMPLIANCE. The Company shall have performed and complied with all agreements and conditions required by this Agreement and the other Loan Documents to be performed or complied with by it.

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

(d) MATERIAL ADVERSE EFFECT. On and as of the date of each Loan Advance, there shall have occurred no change or event since the date of this Agreement that has or could reasonably be expected to have a Material Adverse Effect.

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

(f) 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.

SECTION 3.03 CONDITIONS PRECEDENT TO THE SECOND LOAN ADVANCE. The obligation of the Lender to make the Second Loan Advance shall be subject to the satisfaction by the Company of all conditions set forth in Sections 3.01 and 3.02 before or concurrently on the date of the Second Loan Advance.

SECTION 3.04 CONDITIONS PRECEDENT TO THE THIRD LOAN ADVANCE. The obligation of the Lender to make the Third Loan Advance shall be subject to the satisfaction of each of the following conditions precedent before or concurrently on the date of the Third Loan Advance:

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

(b) INVESTMENT BANKER LETTER. The Lender shall have received on or before October 17, 2001, in form and substance satisfactory to it, an engagement letter executed by the Company and a third-party investment banker of recognizable reputation regarding future Company financing(s).

SECTION 3.05 CONDITIONS PRECEDENT TO THE FOURTH LOAN ADVANCE. The obligation of the Lender to make the Fourth Loan Advance shall be subject to the satisfaction of each of the following conditions precedent before or concurrently on the date of the Fourth Loan Advance:

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

(b) MAKING OF THIRD LOAN ADVANCE. The Lender shall have made the Third Loan Advance pursuant to the terms and conditions herein.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. Except as specifically set forth in the Disclosure Letter, with each disclosure to reference the Section or Sections hereof to which it relates, the Company represents and warrants to the Lender that the following statements are true and correct on and as of the date of this Agreement and will be true and correct on and as of the date of each Loan Advance as if made on such date(s):

(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 any of its Charter Documents, (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, including NASDAQ rules or other rules of any exchange) applicable to the Company or by which any property or asset of the Company is bound or affected, and (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 any of its Charter 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, trademarks, service marks, 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 GAAP 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 Letter, 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 GAAP 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 or in the Disclosure Letter, the Company is not a guarantor or indemnitor of any Indebtedness of any other Person.

(i) WARRANT AND CONVERSION RIGHTS. The Bridge Loan Warrant is duly authorized and, upon issuance in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable, and will be free of Liens, claims, encumbrances and restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws or as set forth therein. The shares of Common Stock issuable upon exercise of the Bridge Loan Warrant and upon exercise of the Conversion Rights are duly authorized and reserved for issuance, and, upon exercise of the Bridge Loan Warrant and 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. The Disclosure Letter sets forth (A) the number of authorized shares of Common Stock, and (B) the number of issued and outstanding shares of Common Stock.

(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 or Hazardous Substances, and no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

(m) ORGANIZATION AND POWERS OF BSST. BSST LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. BSST 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 on BSST or its business or operations, and has all requisite limited liability power and authority to own its assets and carry on its business.

(n) VALID SENIOR LOAN. The Loan and the Obligations under the Loan Documents constitute a valid senior secured debt of the Company owed to the Lender, negotiated and consummated at arm's length, and in no respects constitutes equity or an equity contribution to the Company or its Affiliates on the part of the Lender or its Affiliates. The Company hereby forever waives any and all rights and claims to characterize the Loan or any Obligation as equity or equity contribution by the Lender or its Affiliates.

(o) NO USURY. The Loan Documents and the Obligations are in compliance with California Corporations Code Section 25118, and do not violate any usury laws of the State of California or the United States.

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

Securities Act; and (iv) understands that the Note, the Bridge Loan Warrant and the shares underlying the Bridge Loan Warrant have not been registered under the Securities Act or any state securities laws.

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

(c) AUTHORIZATION; BINDING OBLIGATION. The execution, delivery and performance by the Lender of this Agreement has been duly authorized by all necessary organizational action of the Lender. This Agreement constitutes a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms, 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 (2) weeks; (ii) as soon as available and in any event within ten (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 forty-five (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 SEC 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 Loan 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 Twenty-Five Thousand Dollars (\$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 five percent (5%) or more of the equity securities, or five percent (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, material 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 (to the extent permitted by law) 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, the Loan or the 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), (i) or (j) 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 ten (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 sixty (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 (e).

(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 Fifty Thousand Dollars (\$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 fifteen (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, and cease to make the Loan and all or any Loan Advances. If any Event of Default under Section 6.01(e) shall occur, the Lender may declare the entire unpaid principal amount of the Loan and the Note, all interest accrued and unpaid thereon and all other Obligations to be forthwith due and payable, whereupon the Loan 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 (5) Business Days after deposit in the mail, first class, postage prepaid; or (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 Loan, including the negotiation, preparation, execution, delivery and administration of the Loan Documents and any amendments, modifications or waivers of the terms thereof, and (ii) all reasonable costs and expenses of the Lender and its Affiliates, and fees and disbursements of counsel, in connection with (A) any Default, (B) the enforcement or attempted enforcement of, and preservation of any rights or interests under, the Loan Documents, (C) any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding, and (D) the preservation of and realization upon any of the Collateral. Without limiting the foregoing, the costs and reasonable fees of counsel to the Lender and its Affiliates incurred or reasonably expected to be incurred in connection with the Loan will be automatically deducted from the disbursement of the Second Loan Advance and, accordingly, the amount of the Second Loan Advance actually disbursed to the Company will be less of such fees and costs.

(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, demands, 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 Loan 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, and/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 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 Document shall, except to the extent otherwise provided therein, survive the execution and delivery of this Agreement, the making of the Loan, the making of all Loan Advances, and the execution and delivery of the Note, and shall continue in full force and effect so long as the Lender has any Commitment, the Loan remains 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 Commitment.

SECTION 7.06 BENEFITS OF AGREEMENT. The Loan Documents are entered into for the sole protection and benefit of the parties hereto and their permitted successors and permitted 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 permitted successors and permitted assigns. The Company shall not have the right to assign its rights or Obligations or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right freely to sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder and under the other Loan Documents (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.

[Remainder of page intentionally left blank; signatures follow]

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

THE COMPANY:
AMERIGON INCORPORATED, a California corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President & CEO

Address:
5462 Irwindale Avenue
Irwindale, California 91706
Attn: Richard A. Weisbart

Fax: (626) 815-7441

THE LENDER:
BIG BEAVER INVESTMENTS LLC, a
Delaware limited liability company

By: /s/ O. B. Marx, III

Name: Oscar B. Marx, III

Title: President

Address:
801 W. Big Beaver Road, Suite 201
Troy, Michigan 48084
Attn: President

Fax: (248) 362-3033

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of September 20, 2001, is made between Amerigon Incorporated, a California corporation (the "Borrower"), and Big Beaver Investments LLC, a Delaware limited liability company (the "Lender").

The Borrower and the Lender are parties to a Credit Agreement dated as of September 20, 2001 (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.

"ACCOUNTS" means any and all rights to payment or obligations owed to the Borrower, whether or not earned by performance, 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, including obligations for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, for services rendered or to be rendered, for policies of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, for energy provided or to be provided, for the use or hire of a vessel under a charter or other contract, arising out of the use of a credit or charge card or information contained on or for use with the card, as winnings in a lottery or other game of chance, or arising from any other transaction, however evidenced, and 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 any and 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 any and all records and other written, electronic or other documentation in whatever form which evidence a monetary obligation and a security interest in, lease of, or license of specific goods and/or software used in the goods, whether now existing or hereafter arising.

"COLLATERAL" has the meaning set forth at UCC Section 9102 and in any event includes the meaning set forth in Section 2.

"DEPOSIT ACCOUNT" means any and all 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 records and other written, electronic or other documentation in whatever form 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 any and all now existing or hereafter acquired goods and tangible personal property (other than Inventory) 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 any and all now existing or hereafter acquired or arising intangible goods and personal property of the Borrower in all of its forms, wherever located, 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, including "commercial tort claims" (as defined at UCC Section 9102); (iii) all Intellectual Property Collateral; (iv) all interests in limited and general partnerships and limited liability companies, including all of Borrower's interests as a member of BSST LLC, a Delaware limited liability company; (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 all records and other written, electronic or other documentation in whatever form which evidence 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:

(1) all foreign and domestic patents and patent applications, 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 and future

infringement thereof, all rights arising therefrom and pertaining thereto, and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(2) all foreign and domestic copyrights and applications for copyright, together with the underlying works of authorship (including titles), all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, including such copyrights, copyright applications and copyright licenses as described in Schedule 1, whether such works have been

published, or whether the rights in such works are statutory or arise under the common law, all other rights, works of authorship and derivative works in connection therewith, all rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present and future infringement, and all rights of renewal and extension thereof;

(3) 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, whether rights to such marks arise under statutory or common law, all rights to sue for past, present and future

infringement, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(4) 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

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

"INVENTORY" means any and all now existing or hereafter acquired goods and tangible personal property (other than Equipment) in all of its forms, wherever located, and in any event includes all goods (including goods in transit) and tangible personal property (other than Equipment) 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 letters of credit evidenced by records or other written, electronic or other documentation.

"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 9102, 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 any and all proceeds from the foregoing.

"RIGHTS TO PAYMENT" means any and 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 any of the Credit Agreement, the Note and the other Loan Documents (other than the Bridge Loan Warrant), including all unpaid principal of the Loan, 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 or in the Credit Agreement, 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 all assets and property of the Borrower, wherever located and whether now existing or owned or hereafter acquired or arising, including the following assets and property (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 Intellectual Property Collateral; (xii) all Letter of Credit Proceeds; (xiii) all Rights to Payments; and (xiv) all products and Proceeds of any and all of the foregoing.

(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 its 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, as appropriate, 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 (collectively, 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. The Borrower shall not file or have filed any Financing Statement, correction statement to any Financing Statement, or other filings relative to any Financing Statement in connection with any Collateral without the express prior written consent the Lender.

(b) CERTAIN AGENTS. Any third person at any time and from time to time holding all or any portion of the Collateral, as agent of or as pledge holder for the Lender, shall be deemed to, and shall, hold the Collateral 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 the following statements are true and correct on and as of the date of this Agreement and will be true and correct on and as of the date of each Loan Advance as if made on such date(s):

(a) JURISDICTION OF ORGANIZATION, LOCATION OF CHIEF EXECUTIVE OFFICE AND LOCATION COLLATERAL. The Borrower's jurisdiction of organization, chief executive office and principal place of business is located at the address set forth in paragraph 1(a) of Schedule 1, and all other locations where the

Borrower conducts business or where the Collateral is kept are set forth in paragraph 1(b) of 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 paragraph 2 of Schedule 1.

(c) TRADE NAMES AND TRADE STYLES. All trademarks, trade names and trade styles under which the Borrower presently conducts its business operations are set forth in paragraph 3 of Schedule 1, and, except as set forth in paragraph 3

of Schedule 1, the Borrower has not, at any time in the past: (i) been known as

or used any other trademark, trade name or trade style; (ii) changed its name; (iii) been the surviving or resulting entity 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) Except as set forth in Section 4.01(b) to the Borrower's Disclosure Letter to the Credit Agreement, 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 set forth in paragraph 10 of Schedule 1 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.

(1) 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;

(2) 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;

(3) 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 and state consumer credit laws;

(4) 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;

(5) 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 are what they purport to be; and

(6) 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 paragraph 4 of Schedule 1.

(i) INTELLECTUAL PROPERTY.

(1) Except as set forth in paragraph 5 of Schedule 1, the Borrower

(directly or through any Affiliate) 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.

(2) 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.

(3) 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.

(4) 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.

(5) Except for licensing arrangements set forth in Section 4(i)(1) of this Agreement, the Borrower is the sole and exclusive owner of the material Intellectual Property Collateral.

(6) The past, present and contemplated future use of the 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.

(7) 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.

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

(2) none of the Equipment is leased from or to any Person, except as set forth in paragraph 6 of 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 paragraph 7 of Schedule 1.

(l) INVESTMENT PROPERTY; INSTRUMENTS. All securities accounts of Borrower and other Investment Property of Borrower are set forth in paragraph 8 of Schedule 1, and all Instruments held by Borrower are also set forth in paragraph

9 of 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 paragraph 1 of Schedule 1; and (ii) give at least thirty (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 thirty (30) days' prior written notice of any removal to the Lender; and (ii) give the Lender at least thirty (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 thirty (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:

(1) with such frequency as the Lender may require, furnish to the Lender full and complete reports, in form and substance reasonably 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;

(2) 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 Ten Thousand Dollars (\$10,000) or where the Account or Right to Payment does not exceed Ten Thousand Dollars (\$10,000) or would not be materially impaired;

(3) 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;

(4) 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;

(5) 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;

(6) 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 and during the continuance 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

(7) 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:

(1) 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;

(2) 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

(3) except for the locations set forth in Schedule 1 or without the

prior written consent of the Lender, not store any Inventory in excess of Fifty-five Thousand Dollars (\$55,000) in the aggregate with one or more bailees, warehousemen or similar Persons 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:

(1) 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;

(2) 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;

(3) 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

(4) 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:

(1) 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; and

(2) 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;

(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 or advisable to maintain, protect, realize upon and preserve the Investment Property and the Lender's security interest therein; and/or

(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:

(1) 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.

(2) 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.

(3) 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.

(4) 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).

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

(6) 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 (10) 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.

(c) 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:

(1) 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, and any amendments, modifications or waivers of the terms thereof, and the custody of the Collateral;

(2) 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

(3) 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, demands, 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; ASSIGNMENT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Lender and their respective permitted successors and permitted assigns. The Borrower shall not have the right to assign its rights or obligations or any interest herein without the prior written consent of the Lender. The Lender reserves the right to freely sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder (i) to one or more Affiliates of the Lender and/or (ii) with the prior consent of the Borrower (which consent shall not be unreasonably withheld) to any other Person.

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 and the other Loan Documents contain 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.

[Remainder of page intentionally left blank; signatures follow]

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

THE BORROWER
AMERIGON INCORPORATED, a California
corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President & CEO

THE LENDER
BIG BEAVER INVESTMENTS LLC,
a Delaware limited liability company

By: /s/ O. B. Marx, III

Name: Oscar B. Marx, III

Title: President

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of September 20, 2001, is made between Amerigon Incorporated, a California corporation ("Borrower"), and Big Beaver Investments LLC, a Delaware limited liability company ("Lender").

Borrower and Lender are parties to that certain Security Agreement dated as of September 20, 2001 (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 all 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, 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 foreign and domestic patents and patent applications, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, including, without limitation, such patents, patent applications and patent licenses as described in

Schedule A hereto, all rights to sue for past, present and future infringement

thereof, all rights arising therefrom and pertaining thereto, and all reissues, 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, applications and licenses as described in Schedule B hereto, whether registered or unregistered

and wherever registered, whether rights to such marks arise under statutory or common law, all rights to sue for past, present and future infringement, 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 or 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 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 Borrower, or in the name of Lender or otherwise, without notice to or assent by Borrower, and Borrower hereby irrevocably constitutes and appoints Lender (and any of Lender's officers or employees or agents designated by Lender) as Borrower's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of 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 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, without limitation, (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 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 itself, without 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 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 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 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 Borrower, in whole or in part, and all licenses relating to any of the foregoing, is set forth in Schedule A

hereto.

(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 or used by Borrower, in whole or in part, and all licenses relating to any of the foregoing, is set forth in Schedule B hereto.

(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 Borrower or Lender, to enforce or protect any of the Intellectual Property Collateral, in which event 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, demands, 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; ASSIGNMENT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Borrower, Lender and their respective permitted successors and permitted assigns. Borrower shall not have the right to assign its rights or obligations or any interest herein without the prior written consent of Lender. Lender reserves the right freely to sell, assign, transfer or grant participations in all or any portion of Lender's rights and obligations hereunder (i) to one or more Affiliates of Lender and/or (ii) with the prior consent of Borrower (which consent shall not be unreasonably withheld) to any other Person.

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. ENTIRE AGREEMENT; AMENDMENT. This Agreement and the other Loan Documents contain 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 Security Agreement.

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 Borrower agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

[Remainder of page left intentionally blank; signatures follow]

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

BORROWER:

AMERIGON INCORPORATED, a
California corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President and CEO

Address:
5462 Irwindale Avenue
Irwindale, California 91706
Attn: Richard A. Weisbart

Fax: (626) 815-7441

LENDER:

BIG BEAVER INVESTMENTS LLC, a
Delaware limited liability
company

By: /s/ O. B. Marx, III

Name: Oscar B. Marx, III

Title: President

Address:
801 W. Big Beaver Road, Suite
201
Troy, Michigan 48084
Attn: President

Fax: (248) 362-3033

CONVERTIBLE PROMISSORY NOTE

\$1,500,000

September 20, 2001
Irwindale, California

FOR VALUE RECEIVED, Amerigon Incorporated, a California corporation (the "Borrower"), promises to pay to the order of Big Beaver Investments LLC, a Delaware limited liability company (the "Lender"), the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000), or, if less, the aggregate principal amount of the Loan Advances (as defined in the Credit Agreement referred to below) made by the Lender to the Borrower pursuant to the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from the date hereof until paid at the rates and at the times which shall be determined in accordance with the provisions of the Credit Agreement. Any interest not paid when due shall be compounded and shall thereafter accrue interest at the rates and at the times which shall be determined in accordance with the provisions of the Credit Agreement. All unpaid amounts of principal and interest shall be due and payable in full on the Final Maturity Date (as defined in the Credit Agreement).

All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the office of the Lender located at 801 W. Big Beaver Road, Suite 201, Troy, Michigan 48084, or at such other place as shall be designated in writing for such purpose in accordance with the terms of the Credit Agreement. Until notified of the transfer of this Note, the Borrower shall be entitled to deem the Lender or such person who has been so identified by the transferor in writing to the Borrower as the holder of this Note, as the owner and holder of this Note. Each of the Lender and any subsequent holder of this Note agrees that before disposing of this Note or any part hereof, it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid on the schedule attached hereto, if any; provided, however, that the failure to make notation of any payment made on this Note shall not limit or otherwise affect the obligation of the Borrower hereunder with respect to payments of principal or interest on this Note.

This Note is referred to in, and is entitled to the benefits and subject to the terms and conditions of, that certain Credit Agreement dated as of September 20, 2001 (as amended, modified, renewed or extended from time to time, the "Credit Agreement") between the Borrower and the Lender. The Credit Agreement, among other things, (i) provides for the making of a term loan by the Lender to the Borrower in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned (the "Loan"), the

indebtedness of the Borrower resulting from the Loan being evidenced by this Note, (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and (iii) permits the prepayment of the Loan by the Borrower prior to maturity.

The Borrower's obligations under this Note are also secured by all assets of the Borrower pursuant to the terms of the Credit Agreement and the Collateral Documents (as defined in the Credit Agreement). The terms and conditions of the Credit Agreement and the Collateral Documents are incorporated herein by this reference.

This Note is subject to conversion into the Common Stock of the Borrower as further provided in the Credit Agreement.

The terms of this Note are subject to amendment only in the manner provided in the Credit Agreement.

No reference herein to the Credit Agreement or the Collateral Documents, and no provision of this Note or such agreements shall alter or impair the obligation of the Borrower, which is absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

The Borrower promises to pay all reasonable costs and expenses, including reasonable attorneys' fees, incurred in the collection and enforcement of this Note. The Borrower hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and, subject to the Credit Agreement, hereby waives diligence, presentment, protest, demand and notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer, as of the date and the place first above-written.

AMERIGON INCORPORATED,
a California corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President & CEO

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 (this "Warrant") represents and certifies that, for value received, Big Beaver Investments LLC, a Delaware limited liability company (the "Holder"), is entitled to subscribe for and purchase shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Common Stock of Amerigon Incorporated, a California corporation (the "Company"), of an amount equal to eighteen percent (18%) of the principal amount of the Loan (as defined below) divided by the relevant Exercise Price specified in Section 2 hereof, as such Exercise Price may be adjusted from time to time pursuant to Section 5 hereof, at a purchase price per share equal to such Exercise Price, subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Loan" shall mean the One Million Five Hundred Thousand Dollars (\$1,500,000) bridge facility to be advanced pursuant to the terms and conditions of the Credit Agreement dated as of September 20, 2001 (as amended, modified, renewed or extended from time to time, the "Credit Agreement") between the Company and the Holder. The date (if any) on which the Holder makes the first advance of proceeds under the Loan is referred to herein as the "Closing Date."

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

As used herein, the term "Market Price of the Common Stock" shall mean (i) the average closing bid price of the Common Stock, for ten (10) consecutive business days ending on the Closing Date, as reported by Nasdaq, if the Common Stock is traded on the Nasdaq SmallCap Market, or (ii) the average last reported sale price of the Common Stock, for ten (10) consecutive business days ending on the Closing Date, as reported by the primary exchange on which the Common Stock is traded, if the Common Stock is traded on a national securities exchange, or by Nasdaq, if the Common Stock is traded on the Nasdaq National Market; provided, however, that such price shall not be greater than the average closing bid price or the

last reported sale price, as the case may be, for the ninety (90) calendar days ending on the Closing Date.

1. TERM OF WARRANT.

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

2. EXERCISE PRICE.

The "Exercise Price" shall be the Market Price of the Common Stock, provided that the Exercise Price shall be 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, a certificate or certificates for the shares of stock so purchased shall be delivered to the Holder within fifteen (15) business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such fifteen (15) business day period.

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:

$$X = \frac{Y}{B}$$

- where:
- X = the number of shares of Common Stock to be issued to the Holder;
 - Y = 18% of the principal amount of the Loan (i.e., 270,000); and
 - B = the Exercise Price, as such price may be adjusted from time to time pursuant to Section 5 hereof.

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, a certificate or certificates for the shares of stock so converted shall be delivered to the holder hereof within fifteen (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 fifteen (15)-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

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

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

a. ADDITIONAL SHARES. In the event that the Company, during the Warrant Term, issues additional shares of Common Stock, or other securities exchangeable for, exercisable for, or convertible into additional shares of Common Stock, in each case in an equity offering in excess of One Million Five Hundred Thousand Dollars (\$1,500,000), for consideration per share less than the Exercise Price, then and in such event, the per share Exercise Price 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,

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 two percent (2%) of the then outstanding 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 five percent (5%) of the then outstanding 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 Common Stock pursuant to a stock split or similar event, the Exercise Price shall be proportionately decreased, and conversely, if the Company at any time or from time to time after the date this Warrant is issued combines the outstanding shares of Common Stock into a smaller number of shares in a reverse stock split or similar event, the Exercise Price shall be proportionately increased. Upon the adjustment of the Exercise Price pursuant to the foregoing provisions, the number of shares of Common Stock subject to the exercise of the Warrant shall be adjusted to the nearest full share by multiplying the shares subject to the Warrant by a fraction, the numerator of which is the Exercise Price immediately prior to such adjustment and the denominator of which is the Exercise Price immediately after such adjustment. Any adjustment under this subsection (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 Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the number of shares of Common Stock subject to this Warrant shall be increased and the Exercise Price then in effect shall be decreased as of the date of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by:

(i) multiplying the Exercise Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; and

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

If, however, such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the number of shares of Common Stock subject to the Warrant and the Exercise Price thereof shall be recomputed accordingly as of the close of business on such record date and thereafter shall be adjusted pursuant to this subsection (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 Common Stock, or

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

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

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

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

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

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 Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise, until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

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

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

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

This Warrant is executed as of this 20th day of September, 2001.

AMERIGON INCORPORATED, a California corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President & CEO

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

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

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

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

(Name)

(Address)

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

Signature

SECOND AMENDMENT TO THE INVESTORS' RIGHTS AGREEMENT

This Second Amendment to the Investors' Rights Agreement (this "Amendment") dated as of September 20, 2001, is by and between Amerigon Incorporated, a California corporation (the "Company"), Big Beaver Investments LLC, a Delaware limited liability company (the "Lender") and Westar Capital II LLC, a Delaware limited liability company ("Westar") and amends the Investors' Rights Agreement dated as of June 8, 1999 among the Company, the Lender and Westar (as previously amended through the date hereof, the "Investors' Rights Agreement"). All terms not otherwise defined herein shall have the meanings set forth in the Investors' Rights Agreement.

RECITALS

WHEREAS, the Company and the Lender, have entered into a Credit Agreement (the "2001 Credit Agreement"), dated as of September 20, 2001;

WHEREAS, the Convertible Promissory Note issued by Company pursuant to the 2001 Credit Agreement is convertible into Common Stock of the Company as provided therein;

WHEREAS, in order to induce the Lender to enter into the 2001 Credit Agreement, the Company and the Lender have entered into a certain Bridge Loan Warrant, dated as of September 20, 2001, pursuant to which the Company has agreed to issue to the Lender certain warrants to purchase shares of Common Stock of the Company as provided therein;

WHEREAS, the Investors' Rights Agreement was previously amended by the parties on March 16, 2000; and

WHEREAS, the Company desires to amend and restate the definitions of "Registrable Securities," "Bridge Loan," "Bridge Note," and "Bridge Warrants" in the Investors' Rights Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Investors' Rights Agreement as provided herein:

1. Section 1.1(g) of the Investors' Rights Agreement is amended and restated as follows:

"The term 'Registrable Securities' means (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock, (ii) the Common Stock issued or issuable upon the exercise of the Bridge Notes and the Bridge Warrants, and (iii) any Common Stock of the Company issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i) and (ii) above,

excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned."

The following definitions are added after Section 1.1(i) of the Investors' Rights Agreement.

"(j) The term 'Bridge Notes' means the promissory note executed and delivered by Company to Big Star Investments LLC ("Big Star") pursuant to a Credit Agreement dated as of March 16, 2000 (the "2000 Bridge Credit Agreement") and the convertible promissory note executed and delivered by the Company to the Lender pursuant to a Credit Agreement dated as of September 20, 2001 between Company and the Lender (the "2001 Bridge Credit Agreement"), as such agreements may be amended, restated, modified or supplemented from time to time.

(k) The term 'Bridge Warrants' means a Bridge Loan Warrant dated March 16, 2000 issued by the Company to Big Star and any additional warrants to purchase Common Stock of the Company issued to Big Star pursuant to the 2000 Bridge Credit Agreement and a Bridge Loan Warrant dated September 20, 2001 issued by the Company to the Lender and any additional warrants to purchase Common Stock of the Company issued to the Lender pursuant to the 2001 Bridge Credit Agreement."

2. Right of First Offer. The Lender and Westar acknowledge that the Company

has satisfied its obligations to the Major Investors pursuant to Section 2 of the Investors' Rights Agreement in connection with the issuance of the Bridge Notes and the Bridge Warrants.

3. Miscellaneous.

3.1 Successors and Assigns. This Amendment and the rights and obligations

of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives.

3.2 Governing Law. This Amendment shall be governed by and construed

under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.3 Counterparts. This Amendment may be executed in two or more

counterparts, each of which shall be deemed an original but all of which, when taken together, shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Amendment

are used for convenience only and are not to be considered in construing or interpreting this Amendment.

3.5 Expenses. If any action at law or in equity is necessary to enforce

or interpret the terms of this Amendment, the prevailing party shall be entitled to reasonable attorneys'

fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.6 Amendments and Waivers. Any term of this Amendment may be amended and

the observance of any term of this Amendment may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and the Company.

3.7 Severability. If one or more provisions of this Amendment are held to

be unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of the Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.8 Entire Agreement; Amendment; Waiver. This Amendment constitutes the

entire agreement between the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above.

AMERIGON INCORPORATED,
a California corporation

By: /s/ Richard A. Weisbart

Name: Richard A. Weisbart
Title: President and Chief
Executive Officer

BIG BEAVER INVESTMENTS LLC,
a Delaware limited liability
company

By: /s/ Paul Oster

Name: Paul Oster
Title: Chief Financial Officer

WESTAR CAPITAL II LLC,
a Delaware limited liability
company

By: /s/ John Clark

Name: John Clark
Title: Managing Partner

MEMBERSHIP INTEREST PLEDGE AGREEMENT

THIS MEMBERSHIP INTEREST PLEDGE AGREEMENT (this "Agreement"), dated as of September 20, 2001, is made between Amerigon Incorporated, a California corporation ("Borrower"), and Big Beaver Investments LLC, a Delaware limited liability company ("Lender").

WHEREAS, Borrower is a member of BSST LLC, a Delaware limited liability ("BSST"), pursuant to the terms of that certain Amended and Restated Operating Agreement of BSST LLC, dated as of May 30, 2001 (the "LLC Agreement");

WHEREAS, Borrower is the holder of two thousand (2,000) units of Series A Preferred Units (as defined in the LLC Agreement) of BSST, which constitute one hundred percent (100%) of the Series A Preferred Units of BSST;

WHEREAS, Borrower and Lender are parties to that certain Credit Agreement dated as of September 20, 2001 (as amended, modified, renewed or extended from time to time, the "Credit Agreement"), which Credit Agreement provides, among other things, for Borrower's borrowing of certain funds from Lender;

WHEREAS, Borrower and Lender are parties to that certain Security Agreement dated as of September 20, 2001 (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 all of Borrower's property and assets, including, without limitation, the LLC Collateral (as defined below); and

WHEREAS, it is a condition precedent to the borrowings under the Credit Agreement that Borrower enter into this Agreement and grant to Lender the security interests hereinafter provided to secure the obligations of the Borrower under the Credit Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. RECITALS. The above premises are true and correct and are incorporated herein by reference.

SECTION 2. DEFINITIONS; INTERPRETATION.

(a) All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit 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 3. PLEDGE AND GRANT OF SECURITY INTEREST.

(a) As additional security for the payment and performance of the Obligations by Borrower to Lender, Borrower hereby pledges, assigns, transfers and conveys and grants a continuing security interest in favor of Lender, for security purposes, in all of Borrower's right, title and interest in and to, whether now existing or hereafter from time to time acquired, as a member of BSST (collectively, the "LLC Collateral"), including, without limitation, (i) Borrower's Membership Interest (as defined in the LLC Agreement), (ii) two thousand (2,000) units of Series A Preferred Units (as defined in the LLC Agreement) (the "Pledged Units"), (iii) all dividends, distributions, instruments and other property of any kind from time to time received, receivable or otherwise distributed in respect of or in exchange therefor, and (iv) all proceeds of any of the foregoing.

(b) This Agreement shall create a continuing security interest in the LLC Collateral, which shall remain in effect until terminated in accordance with the terms and conditions of this Agreement.

SECTION 4. VOTING RIGHTS AND DISTRIBUTIONS

(a) So long as no Event of Default shall have occurred and be continuing, Borrower shall be entitled to exercise all voting and other consensual rights, if any, for any purpose not inconsistent with the terms of this Agreement or any other Loan Documents.

(b) So long as no Event of Default shall have occurred and be continuing, any and all Distributions (as defined in the LLC Agreement) and other proceeds pertaining to the LLC Collateral shall be delivered to Lender to be held in pledge hereunder and shall become part of the LLC Collateral.

(c) Upon the occurrence and during the continuance of any Event of Default, (i) all rights of Borrower to exercise the voting and other consensual rights, if any, which Borrower would otherwise be authorized to exercise pursuant to Section 4(a) shall cease, and all such rights shall thereupon become vested in Lender who then shall have the sole right to exercise any such voting and other consensual rights, and (ii) Lender shall have the right to apply all Distributions and any cash so received to the Obligations. Effective upon the occurrence and during the continuance of an Event of Default, Borrower hereby grants to Lender an irrevocable proxy coupled with an interest for the LLC Collateral, pursuant to which proxy Lender shall be entitled to vote or consent with respect to the LLC Collateral in its sole discretion, as applicable.

(d) If during the term of this Agreement any non-cash Distribution, reclassification, readjustment or other change is declared or made with respect to any of the LLC Collateral, or if warrants or any other rights or options are issued in connection with any of the LLC Collateral, or if additional units or other securities are issued in connection with any of the LLC Collateral (whether or not for valuable consideration), all such new, substituted and/or additional units or other securities shall be pledged immediately to Lender to be held under the terms of this Agreement in the same manner as the LLC Collateral are held hereunder, and shall become part of the LLC Collateral.

SECTION 5. FURTHER ASSURANCES; APPOINTMENT OF LENDER AS ATTORNEY-IN-FACT.

(a) With respect to the LLC Collateral, Borrower shall, if requested by Lender, cause BSST to duly authorize and execute, and deliver to Lender an agreement for the benefit of Lender pursuant to which, following the occurrence of and during the continuance of an Event of Default, BSST agrees to comply with any and all instructions regarding BSST originated by Lender without further consent by Borrower (or other registered owner) and not to comply with instructions regarding the LLC Collateral originated by any other Person other than a court of competent jurisdiction.

(b) All certificates (if and when available) and instruments representing or evidencing any of the LLC Collateral shall be delivered to Lender in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to Lender.

(c) Immediately and without further notice, upon the occurrence of and during the continuance of any Event of Default, Lender, at any time and at its sole discretion, may have any or all of the LLC Collateral registered in Lender's name or that of its nominee or nominees.

(d) 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 LLC Collateral and to accomplish the purposes of this Agreement. Lender shall have the right to, in the name of Borrower, or in the name of Lender or otherwise, without notice to or assent by Borrower, and Borrower hereby irrevocably constitutes and appoints Lender (and any of Lender's officers or employees or agents designated by Lender) as Borrower's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of 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 LLC 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 Borrower, which Lender may deem necessary or advisable to maintain, preserve and protect the LLC Collateral and to accomplish the purposes of this Agreement, including, without limitation, (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 LLC Collateral, and (B) after the occurrence and during the continuance of any Event of Default, to assign any and all of the LLC Collateral to any Person, including itself, without Borrower's written consent. The power of attorney set forth in this Section 4(d), being coupled with an interest, is irrevocable, so long as this Agreement shall not have terminated in accordance with Section 20.

(e) 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.

SECTION 6. 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 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 LLC Collateral.

SECTION 7. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender that:

(a) The Pledged Units are uncertificated, are duly authorized and fully paid, and constitute all of the issued and outstanding units of the Series A Preferred Units of BSST;

(b) Borrower is the legal, record and beneficial owner of the Pledged Units and has good and marketable title thereto, free and clear of any lien, hypothecation, security interest, option or other charge or encumbrance, except for the security interest created by this Agreement, and has full right to pledge, assign, transfer and deliver the Pledged Units;

(c) Borrower has full legal capacity, right, power and authority, without the consent of any other Person, to execute and deliver this Agreement, to pledge the LLC Collateral, and to carry out the transactions contemplated hereby;

(d) This Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms; and

(e) With respect to the LLC Collateral and for the purposes of granting and perfecting the security interest provided herein, Borrower is not subject to laws of a jurisdiction other than the State of California.

SECTION 8. COVENANTS.

(a) Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its right, title or interest in the LLC Collateral.

(b) Borrower will not sell, convey, transfer, or otherwise dispose of any LLC Collateral or any interest therein or create, incur or permit to exist any pledge, mortgage, lien, charge, security interest or other encumbrance with respect to the LLC Collateral or the proceeds thereof, other than that created hereby.

(c) Borrower will deliver promptly to Lender any property received in exchange for or as a distribution on or with respect to the LLC Collateral (with any necessary endorsement), other than cash distributions.

(d) Borrower will promptly execute and deliver all further instruments and documents, and take all further action that may be necessary or desirable, or that Lender may request, in order to perfect and protect any security interest intended to be granted hereby or to enable Lender to exercise and enforce his rights and remedies hereunder with respect to any LLC Collateral.

SECTION 9. LENDER'S RIGHTS AND REMEDIES.

(a) Lender shall have all rights and remedies available to it under this Agreement, the Security Agreement, the other Loan Documents and applicable law with respect to the security interests in any of the LLC 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 Borrower's collateral after any Event of Default pursuant to the UCC (as such term is defined in the Security Agreement).

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

(c) Each right, power and remedy of Lender provided for in this Agreement, other Loan Documents, or any related agreement now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy.

SECTION 10. PRIVATE SALE. In view of the fact that federal and state securities laws may impose certain restrictions upon the method by which a sale of Pledged Units may be effected, it is agreed that upon and after an Event of Default, Lender may from time to time attempt to sell all or any part of the LLC Collateral by means of a private sale, restricting the bidders and prospective purchasers to those who will represent and agree that they are purchasing for investment only and not for distribution. Borrower acknowledges that such private sales may be at prices and on terms less favorable to the seller than if the LLC Collateral were sold at a public sale and that the Lender has no obligation to delay the sale of any LLC Collateral to permit the registration of the LLC Collateral for public sale under any securities law.

SECTION 11. 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 12. 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 13. 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 LLC 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, demands, 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 LLC 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 13 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 14. BINDING EFFECT; ASSIGNMENT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Borrower, Lender and their respective permitted successors and permitted assigns. Borrower shall not have the right to assign its rights or obligations or any interest herein without the prior written consent of Lender. Lender reserves the right freely to sell, assign, transfer or grant participations in all or any portion of Lender's rights and obligations hereunder (i) to one or more Affiliates of Lender and/or (ii) with the prior consent of Borrower (which consent shall not be unreasonably withheld) to any other Person.

SECTION 15. 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 LLC Collateral are governed by the law of a jurisdiction other than California.

SECTION 16. AMENDMENT. This Agreement and the other Loan Documents contain 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 17. 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 18. 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 19. 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 20. TERMINATION. Upon payment and performance in full of all 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; provided, however, that (i) the obligations of Borrower under Section 13 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 LLC Collateral created hereby shall survive such proceeding.

SECTION 21. SECURITY AGREEMENT. Borrower acknowledges that the rights and remedies of Lender with respect to the security interests in the LLC Collateral granted hereby may be more fully set forth in the Security Agreement and the other Loan Documents, and all such rights and remedies are cumulative.

SECTION 22. 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 Borrower agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

[Remainder of page left intentionally blank; signatures follow]

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

BORROWER:

AMERIGON INCORPORATED, a California corporation

By: /s/ Richard A. Weisbart

Richard A. Weisbart,
President and CEO

LENDER:

BIG BEAVER INVESTMENTS LLC, a Delaware limited liability company

By: /s/ O. B. Marx, III

Name: Oscar B. Marx, III

Title: President

AGREED AND ACCEPTED:

BSST LLC, a Delaware limited liability company

By: /s/ Lon E. Bell

Name: Dr. Lon E. Bell

Title: President

THIRD AMENDMENT
TO OPTION AGREEMENT

THIS THIRD AMENDMENT TO OPTION AGREEMENT (this "Amendment") is dated as of September 20, 2001 and entered into by and among Amerigon Incorporated, a California corporation (the "Holder"), BSST, LLC, a Delaware limited liability company (the "Company"), and Dr. Lon E. Bell ("Dr. Bell") and is made with reference to that certain Option Agreement, dated as of September 4, 2000 (as previously amended through the date hereof, the "Option Agreement"), by and among the Holder, the Company and Dr. Bell. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Option Agreement.

RECITALS

WHEREAS, the Holder will be obtaining a bridge loan from Big Beaver Investments LLC and, as a condition to such bridge loan, is required to make certain changes to its payment obligations to BSST, LLC under Section 5(b) of the Option Agreement;

WHEREAS, the Holder, the Company and Dr. Bell desire to amend the Option Agreement to permit, among other changes, the Holder to make monthly payments of \$133,333.33 rather than quarterly payments of \$400,000 through December 31, 2001;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1. AMENDMENT TO THE OPTION AGREEMENT

Paragraph (b) of Section 5 of the Option Agreement is hereby amended by deleting it in its entirety and substituting the following therefor:

"(b) (i) The Company may request, upon five business days' prior notice, the Holder to pay to the Company any remaining uncontributed portion of the Commitment Amount in immediately available funds by wire transfer to an account designated by the Company in an amount not to exceed \$133,333.33 in any calendar month; provided, that (1) the Company shall not request any amount in excess of such amount required to pay actual cash expenses and (2) to the extent that the Company does not request the full amount permitted in any given month, any amount remaining may be requested by the Company in a future month (but subject to the restriction imposed by clause (1) until December 31, 2001).

(ii) After the Company has received all amounts payable pursuant to Section 5(b)(i) (but no earlier than January 1, 2002), the Company may

request, upon five days' prior notice, the Holder to pay to the Company any remaining uncontributed portion of the Commitment Amount in immediately available funds by wire transfer to an account designated by the Company in an amount not to exceed \$266,666.67.

(iii) No earlier than two months after the initial payment to the Company pursuant to Section 5(b)(ii), the Company may request, upon five ----- days' prior notice, the Holder to pay to the Company any remaining uncontributed portion of the Commitment Amount in immediately available funds by wire transfer to an account designated by the Company in an amount up to the aggregate remaining uncontributed Commitment Amount.

(iv) Unless waived in writing by the Company, if the Holder does not pay such amount within five business days after a request, the Holder shall (i) be liable for all expenses incurred by the Company up to the date such payment would otherwise have been due (including, without limitation, bonuses, recruitment fees, and moving expenses for prospective employees) and (ii) forfeit all rights in, and the Company shall cancel, a number of Option Units equal to the unpaid portion of the requested amount divided by \$1,000; provided, that to the extent the Holder actually pays any expenses of the Company as required under clause (i), such amount paid by the Holder shall be deemed to have been paid to the Company and all rights in a number of Option Units equal to such amount paid divided by \$1,000 shall be restored and reissued to the Holder."

Section 2. REPRESENTATIONS AND WARRANTIES

In order to induce the parties to enter into this Amendment, each party hereby represents and warrants to each other party that:

(a) such party has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Option Agreement as amended by this Amendment (the "Amended Agreement");

(b) the execution and delivery of this Amendment and the performance of the Amended Agreement have been duly authorized by all necessary action on the part of such party;

(c) the execution and delivery by each party of this Amendment and the performance by each party of the Amended Agreement do not and will not (i) violate any provision of any law or any governmental rule or regulation applicable to such party, the organizational documents, if any, of such party or any order, judgment or decree of any court or other agency of government binding on such party, (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of such party, (iii) result in or require the creation or imposition of any lien upon any of the properties or assets of such party, or (iv) require any approval of stockholders or members, other than consents that have been obtained, or any approval or consent of any person under any contractual obligation of such party;

(d) the execution and delivery by each party of this Amendment and the performance by such party of the Amended Agreement do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body;

(e) this Amendment and the Amended Agreement have been duly executed and delivered by such party and are the legally valid and binding obligations of such party, enforceable against such party in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(f) all representations and warranties of such party contained in the Option Agreement are true, correct and complete in all material respects on and as of the date hereof except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true, correct and complete in all material respects on and as of such earlier date; and

(g) each party has performed all covenants and agreements to be performed on their part prior to the date hereof as set forth in the Option Agreement.

Section 3. MISCELLANEOUS

A. Reference to and Effect on the Option Agreement.

(i) Except as specifically amended by this Amendment, the Option Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(ii) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy under, the Option Agreement.

B. Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

C. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

D. Effectiveness. This Amendment shall become effective upon the execution of counterparts hereof by the Holder, the Company and Dr. Bell and receipt by the Holder, the Company and Dr. Bell of written or telephonic notification of such execution and authorization of delivery thereof.

E. Counterparts. This Amendment may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

AMERIGON INCORPORATED

By: /s/ Richard A. Weisbart

Name: Richard A. Weisbart
Title: President and Chief Executive Officer

BSST, LLC

By: /s/ Lon E. Bell

Name: Dr. Lon E. Bell
Title: President

DR. LON E. BELL

/s/ Lon E. Bell

S-1