AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 5, 1997

REGISTRATION NO. 333-17401

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMERIGON INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

CALIFORNIA	95-4318554
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

404 EAST HUNTINGTON DRIVE
MONROVIA, CALIFORNIA 91016
(818) 932-1200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

LON E. BELL, PH.D.
PRESIDENT
AMERIGON INCORPORATED
404 EAST HUNTINGTON DRIVE
MONROVIA, CALIFORNIA 91016
(818) 932-1200

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

COPIES OF COMMUNICATIONS TO:

D. STEPHEN ANTION, ESQ.	SHELDON E. MISHER, ESQ.
O'MELVENY & MYERS LLP	BACHNER, TALLY, POLEVOY & MISHER LLP
400 SOUTH HOPE STREET, 15TH FLOOR	380 MADISON AVENUE, 18TH FLOOR
LOS ANGELES, CALIFORNIA 90071-2899	NEW YORK, NEW YORK 10017
(213) 669-6000	(212) 687-7000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If the registrant elects to deliver its latest joint annual report to security holders, or a complete and legible facsimile thereof, pursuant to Item 11(a)(1) of this form, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Units(2)(3)	$21,505,000	$6,516.67
Class A Common Stock, no par value per share(4)	$29,031,750	$8,797.50
Unit Purchase Option(5)	$1.70	$.00
Units(3)(6)	$2,711,500	$821.67
Class A Common Stock, no par value per share(7)	$2,524,500	$765.00
Total	$55,772,751.70	$16,900.84(8)

(FOOTNOTES ON NEXT PAGE)

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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(FOOTNOTES FROM COVER)

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(1) Estimated solely for the purpose of calculating the registration fee.

(2) Includes 2,550 Units subject to the Underwriter's over-allotment option.

(3) Each Unit will consist of 280 shares of Class A Common Stock, no par value per share, and 280 Class A Warrants. Each Class A Warrant will entitle the registered holder thereof to purchase one share of Class A Common Stock.

(4) Issuable upon exercise of the Class A Warrants included in the Units to be sold to the public.

(5) To be issued to the Underwriter.

(6) Issuable upon exercise of the Underwriter's Unit Purchase Option.

(7) Issuable upon exercise of the Class A Warrants included in the Units issuable upon exercise of the Underwriter's Unit Purchase Option.

(8) A registration fee of $13,488.64 was paid in connection with the original filing of the Registration Statement.

SUBJECT TO COMPLETION, DATED FEBRUARY 5, 1997

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS

AMERIGON INCORPORATED

17,000 UNITS

EACH CONSISTING OF 280 SHARES OF CLASS A COMMON STOCK AND 280 CLASS A WARRANTS

Each unit ("Unit") hereby offered (the "Offering") by AMERIGON INCORPORATED, a California corporation (the "Company"), consists of 280 shares of the Company's Class A Common Stock, no par value per share ("Class A Common Stock"), and 280 warrants to purchase shares of Class A Common Stock (the "Class A Warrants"). The components of the Units will be separately transferable upon issuance. Each Class A Warrant entitles the registered holder thereof to purchase, at any time until the fifth anniversary of the date hereof, one share of the Company's Class A Common Stock at an exercise price of 135% of the price per Unit to the public divided by 280, subject to adjustment. Commencing one year after the date hereof (the "Effective Date"), the Company may, upon 30 days' written notice, redeem each Class A Warrant in exchange for $0.05 per Class A Warrant, provided that before any such redemption, the closing Bid Price of the Class A Common Stock as reported by the Nasdaq SmallCap Market or the closing Bid Price on any national stock exchange (if the Company's Class A Common Stock is listed thereon) shall have, for 30 consecutive business days ending within 15 days of the date of the notice of redemption, averaged in excess of 175% of the Class A Warrant exercise price per share (subject to adjustment in the event of any stock splits or other similar events). See "Description of Securities."

The Company's Class A Common Stock is traded on the Nasdaq SmallCap Market under the symbol "ARGNA". Prior to the Offering, there has been no public market for the Class A Warrants. The Company has applied for inclusion of the Class A Warrants on the Nasdaq SmallCap Market. The Units offered hereby will not be listed separately on Nasdaq. It is currently expected that the public offering price will be between $1,000 and $1,100 per Unit (between $3.57 and $3.93 per share of Class A Common Stock, ascribing no value to the Class A Warrants included in the Units). See "Underwriting." The last sale price of the Company's Class A Common Stock on February 4, 1997 as reported by Nasdaq was $5.625 per share. See "Price Range of Common Stock and Dividends." The exercise price and other terms of the Class A Warrants were determined in part by negotiation between the Company and D.H. Blair Investment Banking Corp. (the "Underwriter"), and do not necessarily bear any relationship to the Company's assets, book value, results of operations, net worth, or any other recognized criteria of value. FOR INFORMATION CONCERNING A SECURITIES AND EXCHANGE COMMISSION INVESTIGATION RELATING TO THE UNDERWRITER, SEE "RISK FACTORS" AND "UNDERWRITING."

The Company has agreed to register subsequent to the Offering for resale (the "Subsequent Offering") by certain securityholders (the "Selling Securityholders") 1,620,000 Class A Warrants (the "Selling Securityholder Warrants") and the Class A Common Stock underlying the Selling Securityholder Warrants. The Selling Securityholder Warrants and the securities underlying such warrants are sometimes collectively referred to as the "Selling Securityholder Securities." The Selling Securityholder Warrants are issuable on the closing of the Offering to the Selling Securityholders upon the automatic conversion of convertible subordinated debentures acquired by them in the Company's private placement completed in October 1996. The Selling Securityholders have agreed not to sell any of the Selling Securityholder Warrants for at least 90 days after the closing of the Offering and, for the period expiring 270 days after such closing, have agreed to certain resale restrictions. See "Shares Eligible for Future Sale." Sales of the Selling Securityholder Warrants or the underlying securities, or the potential of such sales, may have an adverse effect on the market price of the securities offered hereby.

THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK AND IMMEDIATE SUBSTANTIAL DILUTION. SEE "RISK FACTORS" BEGINNING ON PAGE 7 AND "DILUTION" BEGINNING ON PAGE 24.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)
Per Unit	$	$	$
Total (3)	$	$	$

(1) Does not reflect additional compensation to the Underwriter in the form of (i) a non-accountable expense allowance of $ ($ if the Over-Allotment Option referred to below is exercised in full); and (ii) an

option (the "Unit Purchase Option") to purchase up to 1,700 Units at 145% of the price per Unit to the public over a two-year period commencing on the date that is the third anniversary of the Effective Date. In addition, the Company has agreed to indemnify the Underwriter against certain civil liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting estimated expenses of $675,000 and the Underwriter's non-accountable expense allowance, both of which are payable by the Company.

(3) The Company has granted the Underwriter a 45-day option (the "Over-Allotment Option") to purchase up to 2,550 additional Units on the same terms and conditions as set forth above, solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Company will be $, $, and $, respectively. See "Underwriting."

The Units are offered by the Underwriter on a "firm commitment" basis when, as and if delivered to and accepted by the Underwriter, and subject to the Underwriter's right to reject orders in whole or in part and to certain other conditions. It is expected that delivery of the certificates representing the Units will be made at the offices of D.H. Blair Investment Banking Corp., 44 Wall Street, New York, New York 10005, on or about , 1997.

D.H. BLAIR INVESTMENT BANKING CORP.

The date of this Prospectus is , 1997.

AMERIGON PICTURE DESCRIPTIONS

INSIDE FRONT COVER
AMERIGON'S RADAR PRODUCT

Top (one photo):
RADAR SENSOR CIRCUIT BOARD

[Photo of Amerigon radar sensor circuit board (held in fingers).]
Senses through rubber, plastic and glass panels up to an inch;
User adjustable & sharply defined detection pattern;
Extremely low emission levels (typically 100 mWatts average); and
Extremely low power (typically 300 mWatts).

Bottom (three illustrations):
Possible applications of Amerigon's radar product

Left: [Overhead view depiction of automobile using radar to detect presence of/distance from another automobile during parallel parking maneuver.]
BACK UP AND PARKING RADAR MAY HELP AVOID COLLISIONS AND INJURY

Center: [Overhead view depiction of automobile using radar to detect presence of/distance from other automobiles in "blind spot."]
LANE-CHANGE RADAR WARNS THE DRIVER OF OBJECTS IN BLIND SPOT

Right: [Overhead view depiction of automobile using radar to detect presence of/distance from another automobile ahead.]
INTELLIGENT CRUISE CONTROL MAY ALLOW FOR SAFER DRIVING AND HELP RELIEVE TRAFFIC CONGESTION

INSIDE BACK COVER
AMERIGON'S REVA ELECTRIC VEHICLE
AN AFFORDABLE COMMUTER CAR DESIGNED FOR DEVELOPING COUNTRIES

Top (three photos):

Left: [Rear/three-quarters view photo of Amerigon's REVA electric vehicle.]

Center: [Interior view showing seat, instrument panel, and steering wheel of Amerigon's REVA electric vehicle.]

Right: [Front/three-quarters view photo of Amerigon's REVA electric vehicle.]

Bottom (one photo, one illustration):
AMERIGON'S CLIMATE CONTROL SEAT
The first environmentally friendly system that both heats and cools car seats

Left: [Photo of Amerigon Climate Control Seat.]

Right: [Illustration depicting cutaway view of Amerigon Climate Control Seat, and component parts.]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CLASS A COMMON STOCK OF THE COMPANY AND/OR CLASS A WARRANTS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ SMALLCAP MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, CERTAIN UNDERWRITERS (AND SELLING GROUP MEMBERS) MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMPANY'S CLASS A COMMON STOCK ON NASDAQ IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "UNDERWRITING."

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO, AND SHOULD BE READ IN CONJUNCTION WITH, THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS (INCLUDING THE NOTES THERETO) APPEARING ELSEWHERE IN THIS PROSPECTUS OR INCORPORATED HEREIN. INVESTORS SHOULD ALSO CAREFULLY CONSIDER THE INFORMATION SET FORTH UNDER THE HEADING "RISK FACTORS." UNLESS OTHERWISE INDICATED, THE INFORMATION IN THIS PROSPECTUS DOES NOT GIVE EFFECT TO THE RELEASE OF THE ESCROW SHARES (AS HEREINAFTER DEFINED) OR TO THE EXERCISE OF (I) THE OVER-ALLOTMENT OPTION, (II) THE CLASS A WARRANTS, (III) THE UNIT PURCHASE OPTION, (IV) OPTIONS TO PURCHASE SHARES OF CLASS A COMMON STOCK RESERVED FOR ISSUANCE UNDER THE COMPANY'S 1993 STOCK OPTION PLAN, AS AMENDED, AND (V) OTHER OUTSTANDING WARRANTS TO PURCHASE SHARES OF CLASS A COMMON STOCK.

THE COMPANY

GENERAL

Amerigon Incorporated (the "Company" or "Amerigon") is a development stage company formed in 1991 to develop, manufacture and market proprietary high technology automotive components and systems for sale to automobile and other original equipment manufacturers. The Company's business strategy is to apply aerospace and defense industry technology to products for the automotive market. The Company has principally focused on developing proprietary positions in the following technologies: (i) thermoelectric heated and cooled seats; (ii) radar for maneuvering and safety; (iii) voice interactive navigation and entertainment; and (iv) electric vehicle components and production systems.

The Company has substantially completed development of the first generation of its Interactive Voice System ("IVS-TM-") audio-navigation product. The IVS-TM- provides spoken-word navigation directions to driver and passengers using an in-vehicle compact audio disc system. To date, the IVS-TM- product has not been commercially successful and likely would require substantial further development before it could be expected to achieve significant sales. The Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. If the Company is unable to consummate such a sale or arrange such a relationship in the near future, the Company plans to discontinue sales and further development of the IVS-TM- and related technology. See "--Business Strategy; Recent Developments."

The Company's other products are in various stages of development. The Company is presently working with three of the world's largest automotive original equipment manufacturers on pre-production development programs for heated and cooled seats. In addition, the Company has sold multiple prototypes of its heated and cooled seats and radar for maneuvering and safety to potential customers for evaluation and demonstration.

BUSINESS STRATEGY; RECENT DEVELOPMENTS

The Company was founded on the premise that technology proven for use in the defense and aerospace industries could be successfully adapted to the automotive and transportation industries. Amerigon has focused on technologies that it believes can be readily adapted to automotive needs for advanced vehicle electronics and for electric vehicle systems. The Company seeks to avoid direct competition with established automotive suppliers of commodity products by identifying market opportunities where the need for rapid technological change gives an edge to new market entrants with proprietary products.

The Company has recently determined to focus its resources primarily on developing its heated and cooled seat and radar for maneuvering and safety technologies. The Company has adopted this strategy primarily because the Company believes that the markets for these products have greater near-term potential than the markets for its other products, and because these technologies afford the Company its best opportunities to exploit competitive advantages over rival companies. The Company also would expect continued necessary development and marketing of the Company's voice interactive navigation technologies and electric vehicle systems to entail very high costs, to the point that they would likely exceed the Company's financial resources. Even if the Company were able to overcome this financial challenge, management also believes that the Company might not be able to develop and successfully market the next generation of

IVS-TM-, and might not be able to successfully develop and profitably manufacture electric vehicles or their components, without commercial or technical assistance from one or more strategic partners. Accordingly, the Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. If the Company is unable to consummate such a sale or arrange such a relationship in the near future, the Company plans to discontinue sales and further development of the IVS-TM- and related technology. See "Risk Factors--Possible Termination of License of Voice Recognition Software Technology." The Company is also presently seeking strategic and financial partners to help support continued development and marketing of the Company's electric vehicle systems. If the Company is unable to arrange such a relationship in the near term, the Company will attempt to sell its proprietary interests and other assets in and relating to its electric vehicle technology or abandon their development. See "Risk Factors--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses."

The Company has recently experienced serious cash shortfalls. In October 1996, the Company completed a private placement (the "Bridge Financing") of 60 bridge units (each a "Bridge Unit"), each consisting of one $47,500 10% unsecured promissory note (each a "Bridge Note") and one $2,500 10% convertible subordinated debenture (each a "Bridge Debenture") to enable it to continue operations until the completion of the Offering. A portion of the proceeds of the Offering will be applied to repayment of the Bridge Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Use of Proceeds."

THE OFFERING

Securities Offered by the Company.....	17,000 Units, each consisting of 280 shares of the Company's Class A Common Stock and 280 Class A Warrants. See "Description of Securities."
Terms of Class A Warrants.....	Each Class A Warrant entitles the registered holder thereof to purchase, at any time until the fifth anniversary of the Effective Date, one share of the Company's Class A Common Stock, subject to earlier redemption by the Company. The exercise price for the Class A Warrants will be 135% of the amount equal to the price per Unit to the public divided by 280. See "Description of Securities--Class A Warrants."
Number of Shares of Capital Stock Outstanding:	
Before the Offering (1).....	7,068,500 shares of Class A Common Stock, of which 3,000,000 shares are Escrow Shares(2).
After the Offering (3)..... .	11,828,500 shares of Class A Common Stock, of which 3,000,000 shares are Escrow Shares(2).
Use of Proceeds.....	Repayment of indebtedness, payment of deferred executive salaries, production engineering, manufacturing, research and development, marketing and working capital purposes. See "Use of Proceeds."
Risk Factors.....	The securities offered hereby involve a high degree of risk. See "Risk Factors."
Nasdaq Symbols.....	Class A Common Stock--ARGNA Class A Warrants--ARGNW

(FOOTNOTES ON NEXT PAGE)

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(1) Does not include 264,757 shares of Class A Common Stock issuable upon exercise of outstanding warrants and 530,000 shares of Class A Common Stock presently reserved for issuance under the Company's 1993 Stock Option Plan, as amended, under which options to purchase 312,236 shares of Class A Common Stock are outstanding.

(2) In connection with the Company's 1993 initial public offering, 3,000,000 shares (the "Escrow Shares") of the Company's Class A Common Stock were deposited in escrow by certain shareholders of the Company, which Escrow Shares are to be released to such shareholders for no consideration if the Company attains certain pre-tax earnings levels during any of the fiscal years ending December 31, 1996, 1997 and 1998. If such earnings are achieved, the Company will record a substantial non-cash charge to earnings, for financial reporting purposes, as compensation expense relating to the value of the Escrow Shares released to current and former Company officers and employees. On April 30, 1999, all Escrow Shares that have not been so released from escrow will automatically be exchanged for shares of Class B Common Stock which will then be released from escrow. The Class B Common Stock is neither transferable nor convertible and its rights with respect to dividends and liquidation distributions are inferior to those of the Class A Common Stock. Therefore, the Class B Common Stock has limited economic value. See "Risk Factors--Potential Charges to Income," "Principal Shareholders--Escrow Shares" and "Description of Securities--Common Stock."

(3) Does not include (i) 1,428,000 shares of Class A Common Stock issuable upon exercise of the Over-Allotment Option and the Class A Warrants included in the Units issuable upon exercise of the Over-Allotment Option; (ii) 4,760,000 shares of Class A Common Stock issuable upon exercise of the Class A Warrants included in the Units offered hereby; (iii) 952,000 shares of Class A Common Stock issuable upon exercise of the Unit Purchase Option and the Class A Warrants included in the Units included in the Unit Purchase Option; (iv) outstanding warrants to purchase 288,608 shares of Class A Common Stock and (v) 530,000 shares of Class A Common Stock presently reserved for issuance under the Company's 1993 Stock Option Plan, as amended, under which options to purchase 312,236 shares of Class A Common Stock are outstanding. See "Description of Securities" and "Underwriting."

SUMMARY FINANCIAL INFORMATION

The summary financial data presented below should be read in conjunction with the financial statements and related notes thereto appearing elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	FISCAL YEARS ENDED DECEMBER 31,			PERIOD FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31,	NINE MONTHS ENDED		PERIOD FROM APRIL 23, 1991 (INCEPTION) TO SEPTEMBER 30,
	1993	1994	1995	1995	SEPTEMBER 30, 1995	SEPTEMBER 30, 1996	1996
	(IN THOUSANDS EXCEPT PER SHARE DATA)						
OPERATING DATA:							
Total revenues	$ 2,289	$ 2,640	$ 7,809	$ 14,638	$ 4,806	$ 6,501	$ 21,139
Costs and expenses:							
Direct development contract and related grant costs	525	928	5,332	6,785	3,895	9,142	15,927
Direct grant costs	1,649	803	339	4,522	390	101	4,623
Research and development	1,578	2,137	2,367	6,659	1,785	1,544	8,203
Selling, general and administrative, including reimbursable administrative costs	2,340	3,235	3,135	10,377	1,820	1,838	12,215
Total costs and expenses	6,092	7,103	11,173	28,343	7,890	12,625	40,968
Operating loss	$ (3,803)	$ (4,463)	$ (3,364)	$ (13,705)	$ (3,084)	$ (6,124)	$ (19,829)
Net loss	$ (3,640)	$ (4,235)	$ (3,237)	$ (13,187)	$ (2,960)	$ (6,245)	$ (19,432)
Net loss per share	$ (1.64)	$ (1.28)	$ (0.98)	--	$ (0.90)	$ (1.54)	--
Weighted average number of shares outstanding	2,213	3,300	3,306	--	3,300	4,060	--
Supplemental pro forma net loss per share(1)	--	--	--	--	--	$ (1.45)	--
Supplemental pro forma weighted average shares outstanding(1)	--	--	--	--	--	4,292	--

	AS OF DECEMBER 31, 1995	AS OF SEPTEMBER 30, 1996		
		ACTUAL	PRO FORMA(2)	PRO FORMA AS ADJUSTED(3)
		(IN THOUSANDS)		
BALANCE SHEET DATA:				
Working capital	$ 6,481	$ 351	$ 351	$ 14,843
Total assets	8,995	5,876	8,976	18,883
Long term debt	68	50	50	50
Total liabilities	1,797	4,872	7,972	3,387
Deficit accumulated during development stage	(13,187)	(19,432)	(19,432)	(19,932)
Total shareholders' equity	7,198	1,004	1,004	15,496

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(1) Supplemental pro forma net loss per share and supplemental pro forma weighted average shares outstanding reflect the anticipated application of a portion of the proceeds of the Offering to repay the bank line of credit as described in "Use of Proceeds" as if such repayment occurred as of its issuance date (April 18, 1996). Supplemental pro forma net loss per share for the year ended December 31, 1995 has not been presented since there were no borrowings outstanding on the bank line of credit at December 31, 1995.

(2) Gives pro forma effect to the October 1996 issuance of the Bridge Units, net of approximately $500,000 of issuance costs, and the January 1997 loan of $100,000 to the Company from Dr. Bell, as if such transactions had occurred as of September 30, 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources."

(3) As adjusted to give effect to the sale of the 17,000 Units offered hereby at an assumed offering price of $1,000 per Unit and the application of the net proceeds therefrom (including the automatic conversion of the Bridge Debentures into Class A Warrants, the repayment of the principal on the Bridge Notes and the corresponding charge to operations upon repayment thereof estimated at $500,000). See "Use of Proceeds," "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of

Operations--Liquidity and Capital Resources."

RISK FACTORS

THE SECURITIES OFFERED HEREBY ARE HIGHLY SPECULATIVE IN NATURE AND INVOLVE A HIGH DEGREE OF RISK. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD GIVE CAREFUL CONSIDERATION TO, AMONG OTHER THINGS, THE RISK FACTORS SET FORTH BELOW. THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. REFERENCE IS MADE IN PARTICULAR TO THE DESCRIPTION OF THE COMPANY'S PLANS AND OBJECTIVES FOR FUTURE OPERATIONS, ASSUMPTIONS UNDERLYING SUCH PLANS AND OBJECTIVES AND OTHER FORWARD-LOOKING STATEMENTS INCLUDED IN "PROSPECTUS SUMMARY," "RISK FACTORS," "USE OF PROCEEDS," "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND "BUSINESS" IN THIS PROSPECTUS. SUCH STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "EXPECT," "BELIEVE," "ESTIMATE," "ANTICIPATE," "CONTINUE," OR SIMILAR TERMS, VARIATIONS OF SUCH TERMS OR THE NEGATIVE OF SUCH TERMS. SUCH STATEMENTS ARE BASED ON MANAGEMENT'S CURRENT EXPECTATIONS AND ARE SUBJECT TO A NUMBER OF FACTORS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS. FACTORS WHICH COULD CAUSE SUCH RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS INCLUDE THOSE SET FORTH BELOW.

DEVELOPMENT STAGE COMPANY

The Company's proposed future operations are subject to numerous risks associated with establishing new businesses, including, but not limited to, unforeseeable expenses, delays and complications, as well as specific risks of the industry in which the Company competes. There can be no assurance that the Company will be able to market any product on a commercial scale, achieve profitable operations or remain in business. To date, the Company's first developed product, the IVS-TM-, has not been commercially successful. The Company was formed in April 1991 and most of its products are still in the development stage. In addition, several of the Company's products are aimed at the electric vehicle market, which is still in its infancy and may never achieve commercial prominence. The likelihood of the success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with establishing a new business, including, without limitation, uncertainty as to market acceptance of the Company's products, marketing problems and expenses, competition and changes in business strategy. There can be no assurance that the Company will be successful in its proposed business activities.

Moreover, except for the IVS-TM-, the Company's other products are in various stages of prototype development and will require the expenditure of significant funds for further development and testing in order to commence commercial sales. No assurance can be given that the Company will obtain such additional funds or that it will be successful in resolving all technical problems relating to its products or in developing the technology used in its prototypes into commercially viable products. The Company does not expect to generate any significant revenues from the sale of seat or radar products for at least 12 to 24 months, and no assurance can be given that such sales will ever materialize. Further, there can be no assurance that any of the Company's products, if successfully developed, will be capable of being produced in commercial quantities at reasonable costs or will be successfully marketed and distributed. See "--Limited Marketing Capabilities; Uncertainty of Market Acceptance."

SUBSTANTIAL OPERATING LOSSES SINCE INCEPTION

The Company has incurred substantial operating losses since its inception. At December 31, 1995 and at September 30, 1996, the Company had accumulated deficits since inception of $13,187,000 and $19,432,000, respectively. During the years ended December 31, 1994 and 1995, the Company had net losses of $4,235,000 and $3,237,000, respectively. For the nine months ended September 30, 1995 and 1996, the Company had net losses of $2,960,000 and $6,245,000, respectively. The Company has incurred substantial additional losses and its accumulated deficit has increased since September 30, 1996. The Company expects to report net losses for the three months ended December 31, 1996 that will be disproportionately large compared to its losses in each of the prior quarters in 1996. The Company's

accumulated deficits are attributable to the costs of developmental and other start-up activities, including the industrial design, development and marketing of the Company's products and a significant loss incurred on a major electric vehicle development contract. See "--Electric Vehicle Cost Overruns and Significant Contract Losses." The Company has continued to incur losses due to continuing expenses without significant revenues or profit margins on the sale of products, and expects to incur significant losses for the foreseeable future. See Note 3 of Notes to Financial Statements.

NEED FOR ADDITIONAL FINANCING; INDEPENDENT ACCOUNTANTS' EXPLANATORY PARAGRAPH FOR FISCAL 1995; LIKELIHOOD OF EXPLANATORY PARAGRAPH CONCERNING THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN FOR FISCAL 1996

The Company has experienced negative cash flow since its inception and has expended, and expects to continue to expend, substantial funds to continue its development efforts. The Company has not generated and does not expect to generate in the foreseeable future sufficient revenues from the sales of its principal products to cover its operating expenses. Even after completion of the Offering, the Company will require additional financing through bank borrowings, debt or equity financing or otherwise to finance its planned operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources." If additional funds are not obtained when needed, the Company will be required to significantly curtail its activities, dispose of one or more of its technologies and/or cease operations and liquidate. If and when the Company is able to commence commercial production of its heated and cooled seat or radar products, the Company will incur significant expenses for tooling product parts and to set up manufacturing and/or assembly processes. In part as a result of the Company's anticipated capital requirements, management is currently seeking to sell the IVS-TM- product line or enter into collaborative or other arrangements with financial or strategic corporate partners to develop the IVS-TM- product and its electric vehicle technologies. See "--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses." No assurance can be given that such alternate funding sources can be obtained or will provide sufficient, or any, financing for the Company. Moreover, the licensing agreements for the Company's current and potential future rights to licensed technology generally require the payment of minimum royalties. For the fiscal year ended December 31, 1996, the Company paid a total of approximately $201,000 in royalties. In the event the Company is unable to pay such royalties or otherwise breaches such licensing agreements, the Company would lose its rights to the technology, which would have a material adverse effect on the Company's business.

The report of the Company's independent accountants for the fiscal year ended December 31, 1995 contained an explanatory paragraph regarding the Company's need to obtain additional financing to repay its debt and finance continued operations. Moreover, in light of the Company's significant losses in 1996, including significant losses experienced on the Company's major electric vehicle contract (see "--Electric Vehicle Cost Overruns and Significant Contract Losses"), it is likely that the report of the Company's independent accountants with respect to the Company's financial statements as of and for the period ended December 31, 1996 will contain an explanatory paragraph concerning the Company's ability to continue as a going concern without obtaining additional financing.

POSSIBLE DISPOSITION OR ABANDONMENT OF ELECTRIC VEHICLE AND IVS-TM- PRODUCT BUSINESSES

To date, the Company has focused on and invested substantial capital in four product technologies: (i) thermoelectric heated and cooled seats; (ii) radar for maneuvering and safety; (iii) voice interactive navigation and entertainment; and (iv) electric vehicle components and production systems. See "Business--Products." The Company has recently determined to focus its resources primarily on developing its heated and cooled seat and radar technologies. The Company is presently seeking to sell the IVS-TM- product line or find a strategic or financial partner to help further develop and market the IVS-TM- product. The Company is also presently seeking strategic and financial partners to help support continued development and marketing of the Company's electric vehicle systems. No assurance can be given that the Company's

change in business strategy will prove successful or even beneficial to the Company. Further, no assurance can be given that the Company will be able to complete a sale of the IVS-TM- product line, obtain additional funding or attract strategic or financial partners or that, if such funding or partners were to be obtained, the electric vehicle or IVS-TM- products could be successfully developed. If the Company is unable to arrange such a relationship in the near term, the Company will attempt to sell its proprietary interests and other assets in and related to these technologies or abandon their development. No assurance can be given that the Company would be able to effect such a sale on terms favorable to the Company or at all.

ELECTRIC VEHICLE COST OVERRUNS AND SIGNIFICANT CONTRACT LOSSES

In its results for the nine months ended September 30, 1996, the Company reported cost overruns on the approximately $9.6 million electric vehicle contract now in process that resulted in the Company recording charges to operations for the ultimate estimated loss at completion of the contract of approximately $1,625,000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company may continue to experience cost overruns on this contract due to unanticipated design and development problems and continuing delays in the completion of this contract, as well as other factors. Furthermore, the customer under the contract is entitled to withhold 10% of the contract price payable to the Company for a period of time following the final shipment and to offset such amount against any claims the customer may have against the Company, including any warranty claims. Any such withholding and/or offset would further exacerbate the Company's liquidity problems. The Company will also be obliged to fulfill warranty obligations on electric vehicles delivered under the contract for a period of one year, which may result in additional expense to the Company.

UNCERTAIN MARKET DEMAND FOR IVS-TM-; FURTHER REFINEMENT NEEDED; POSSIBLE DISPOSITION

Development of the first generation IVS-TM- audio navigation product was completed and commercial sales commenced in December 1995. To date, sales of the product have been weak due to lower than anticipated consumer acceptance of the product and overall market demand. In 1995, the Company had pre-production orders for approximately 2,000 units. As of December 31, 1996, only approximately 2,700 units had been produced and sold. Of such units, approximately 270 are subject to one customer's right to return units for a refund of approximately $77,000. No assurance can be given that such units will not be returned. Moreover, the Company believes that the current IVS-TM- product is not commercially viable and will require further development, at significant cost, in order to have a reasonable prospect for commercial viability, particularly with respect to sales to automobile manufacturers. Based upon the results to date, the strategy of attempting to sell the IVS-TM- product in the aftermarket is questionable. As a result of weak demand for the product in its current form and the capital resources necessary to refine and market it, the Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. If no such sale or relationship is consummated in the near future, the Company intends to discontinue sales and further development of the IVS-TM- and related technology. See "--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses."

POSSIBLE TERMINATION OF LICENSE OF VOICE-RECOGNITION SOFTWARE TECHNOLOGY USED IN IVS-TM-

The Company has failed to make advance royalty payments required by the terms of the governing license agreement for certain voice-recognition software technology used in the IVS-TM-. This license may be terminated by either party upon a material breach of the agreement by the other party that remains uncured after a certain grace period. See "Business--Proprietary Rights and Patents." If the licensor were to terminate such license, in order to continue to manufacture and sell the IVS-TM-, the Company would either need to reach an accommodation with such licensor or identify and secure a license to use a substitute software technology, neither of which can be assured. The adaptation of substitute software technology under such circumstances might result in additional development costs to the Company. If the

Company were unable to reach an accommodation with the licensor or identify and secure a substitute license, the Company's ability to sell the IVS-TM- product line and the Company's interests in related technology might be impaired.

LACK OF EXCLUSIVE LICENSES ON IVS-TM- AND HEATED AND COOLED SEATS; POTENTIAL LOSS OF EXCLUSIVITY OF LICENSE ON RADAR FOR MANEUVERING AND SAFETY

The Company has entered into an agreement with the IVS-TM- licensor, Audio Navigation Systems, LLC ("ANS"), formerly Audio Navigation Systems, Inc., which resolved prior differences of interpretation of the license agreement covering the IVS-TM- technology. The new agreement provides, among other things, that ANS can produce, market and/or license others to make and sell products incorporating certain improvements made by the Company to the IVS-TM- technology that could compete directly with the Company's IVS-TM- product. The Company believes that ANS may introduce a competitive product in 1997. Such competition could have an adverse effect on the value of the Company's IVS-TM- product and on any future versions of such product. The Company also lacks an exclusive license for its heated and cooled seat technology. Consequently, such technology may be licensed to other entities, which may introduce seat products competitive with those of the Company. Such competitive products may be superior to the Company's seat products, and such competition may have a material adverse effect on sales of the Company's seat products and on the business and financial condition of the Company. See "Business-- Proprietary Rights and Patents."

The Company's exclusive license from the Regents of the University of California for the Company's radar technology requires the Company to achieve commercial sales of products by the end of 1998. Commercial sales are defined as sales of non-prototype products to at least one original equipment manufacturer. Failure to achieve commercial sales for a particular application will result in the loss of exclusivity of the license for that application, in which event the licensor will have the right to grant other entities a non-exclusive license for that application on terms no more favorable than those enjoyed by the Company. See "Business--Proprietary Rights and Patents."

LIMITED PROTECTION OF PATENTS AND PROPRIETARY RIGHTS; POTENTIAL DISPUTE WITH LICENSOR OF SEAT TECHNOLOGY

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

The Company has a different understanding regarding technology improvements made by the Company than that of the licensor of certain technology used in the Company's heated and cooled seats. Such licensor has informed the Company that he believes that he is entitled to a license to use any improvements to such technology that the Company might develop. If such licensor were deemed to have such rights to use such improvements, such licensor may develop and sell seat products competitive with those of the Company, which competition may have a material adverse effect on sales of the Company's seats and its business and financial condition generally.

The Company also relies on trade secrets that it seeks to protect, in part, through confidentiality and non-disclosure agreements with employees, customers and other parties. There can be no assurance that

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

DEPENDENCE ON ACCEPTANCE BY AUTOMOBILE MANUFACTURERS AND CONSUMERS; MARKET COMPETITION

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

LACK OF CAPITAL TO FUND PROPOSED ELECTRIC VEHICLE JOINT VENTURE; STRATEGY UNTESTED; INCREASED LOSSES RESULTING FROM WRITE-OFF OF CAPITALIZED EXPENSES IN 1996 FOURTH QUARTER

In February 1996, the Company entered into a memorandum of understanding (which by its original terms expired on August 29, 1996 but has since been extended until February 28, 1997) with a strategic partner to enter into a proposed joint venture in India to develop, market and/or manufacture electric vehicles. The terms of the joint venture call for the Company to contribute cash in the approximate amount of $2.2 million as well as the design and certain tooling for production of the electric vehicles to the joint venture in exchange for a minority equity stake. The Company presently lacks the capital to make such a financial contribution to a joint venture entity, and currently does not propose to apply any of the net proceeds of the Offering for such purpose. See "Business--Electric Vehicles" and "Use of Proceeds." Accordingly, unless the terms of the joint venture were to be revised so as to eliminate or substantially reduce the Company's required capital contribution, or unless the Company can find a new or additional joint venture partner, the Company would be unable to participate in the proposed joint venture on its original terms. No assurance can be given that the Company will be able to reduce its required capital contribution to the proposed joint venture or obtain additional financing for the proposed joint venture. Furthermore, there can be no assurance that the Company and its proposed partner will ever consummate the proposed joint venture.

Even if the Company were able to obtain sufficient funding to participate in the proposed joint venture in India or similar joint ventures in other countries, there can be no assurance that the governments of such countries would grant the necessary permits, authority and approvals for any such joint venture or similar enterprise or for the development, manufacture and sale of electric vehicles, that consumer interest would be sufficient or economic factors affecting consumer demand would be favorable to make such ventures financially feasible, or that competition will not exist or develop that would materially adversely affect the financial feasibility of such ventures. In addition, many of the Company's competitors in the electric vehicle market have greater financial resources than the Company. See "--Dependence on Acceptance by Automobile Manufacturers and Consumers; Market Competition" and "--Competition; Possible Obsolescence of Technology."

Prior to December of 1996, the Company treated certain costs totaling approximately $700,000 incurred in connection with prototype development in anticipation of the formation of the Indian joint venture as capitalized expenses. Because the joint venture may not be viable, the Company will treat such costs as current period expenses in December of 1996. Such expenses will increase losses during the fourth quarter of 1996 by approximately $700,000. See "--Potential Charges to Income" and Note 15 to Notes to Financial Statements.

LIMITED MANUFACTURING EXPERIENCE

To date, the Company has been engaged in only limited manufacturing, principally of the IVS-TM- in small quantities, and there can be no assurance that the Company's efforts to establish its manufacturing operations for any of its products (including electric vehicles) will not exceed estimated costs or take longer than expected or that other unanticipated problems will not arise which will materially adversely affect the Company's operations, financial condition and/or business prospects. The Company has already experienced significant delays and cost overruns in connection with its electric vehicle contracts. See "--Electric Vehicle Cost Overruns and Significant Contract Losses." Automobile manufacturers demand on-time delivery of quality products, and some have required the payment of substantial financial penalties for failure to deliver components to their plants on a timely basis. Such penalties, as well as costs to avoid them, such as working overtime and overnight air freighting parts that normally are shipped by other less expensive means of transportation, could have a material adverse effect on the Company's business and financial condition. Moreover, the inability to meet demand for the Company's products on a timely basis would materially adversely affect the Company's reputation and prospects. The Company currently is seeking to identify and hire a vice president of operations with manufacturing experience. However, no assurance can be given that the Company will be successful in identifying, hiring or retaining such an individual on terms affordable to the Company (or on any terms).

RESTATEMENT OF 1996 1ST QUARTER AND 2ND QUARTER FINANCIAL RESULTS

On October 24, 1996, the Company filed two Forms 10-Q/A amending the Company's quarterly reports on Form 10-Q for the periods ended March 31, 1996 and June 30, 1996, respectively, to adjust revenues and expenses associated with development contracts. In the six months ended June 30, 1996, these adjustments resulted in a decrease in revenues from development contracts of $1,500,000 and a decrease in expenses related to direct development contract costs of $570,000, which caused an increased operating loss and net loss of $930,000. Net loss per share for such period increased by $.23. The decrease in revenues from development contracts for the six months ended June 30, 1996 consisted of approximately $800,000 related to errors in the calculation of the revenue recognized under the Company's major electrical vehicle development contract. The correction of these errors also resulted in an increase in direct development contract costs of approximately $130,000 for the six months ended June 30, 1996. The remaining decrease in development contract revenue of approximately $700,000 related to the reversal of $700,000 in revenue and an equal amount of associated contract costs recognized prior to the finalization of the Company's proposed joint venture in India and related contracts therefrom. The $700,000 in costs

were recorded as deferred contract costs. See "Lack of Capital to Fund Proposed Electric Vehicle Joint Venture; Strategy Untested; Write-off of Capitalized Expenses in 1996 Fourth Quarter."

DEPENDENCE ON AND STRAINED RELATIONS WITH VENDORS AND SUPPLIERS

The Company is dependent on various vendors and suppliers for the components of its products. Although the Company believes that there are a number of alternative sources for most of these components, certain components are only available from a limited number of suppliers. Due to the Company's recent cash shortfalls, the Company has been unable to pay most of its vendors and suppliers on a timely basis. As a result, the Company believes that its relations with many of its vendors and suppliers may be strained. Many of such vendors and suppliers will no longer extend trade credit to the Company. There can be no assurance that any of such vendors and suppliers will not limit or cease doing business with the Company in the future or further alter the terms on which they do business with the Company. The loss of any significant supplier, in the absence of a timely and satisfactory alternative arrangement, or an inability to obtain essential components on reasonable terms or at all, could materially adversely affect the Company's business and operations. The Company's business and operations could also be materially adversely affected by delays in deliveries from suppliers.

DEFAULT UNDER BANK CREDIT LINE

The Company has a secured line of credit from a commercial bank to borrow funds based on costs incurred and billings made under a major electric vehicle development contract. The Company has experienced significant delays and cost overruns under such electric vehicle contract, which may delay or impair the Company's ability to collect the remaining payments due under this contract. See "--Electric Vehicle Cost Overruns and Significant Contract Losses." The line of credit is secured by a security interest in all of the Company's personal property, including, but not limited to, all accounts receivable, equipment, inventory and general intangibles. As of February 4, 1997, the Company had approximately $1,185,000 outstanding under the secured line of credit. The Company intends to use part of the proceeds of the Offering to repay all amounts due under the line of credit. See "Use of Proceeds." The line of credit expired by its terms but has been extended orally until February 28, 1997. The Company has sought, and the bank has advised the Company that it will soon deliver, a written extension to such date. However, the delivery of such a written extension cannot be assured.

The Company has breached certain financial and other covenants under the line of credit, which defaults entitle the bank to declare all sums outstanding under the line of credit immediately due and payable. Any exercise by the bank of its rights and remedies under the line of credit prior to the repayment of all amounts due thereunder would have a material adverse effect on the Company. However, the bank has agreed orally to forbear until February 28, 1997 from exercising its rights and remedies with respect to such breaches. The Company has sought, and the bank has advised the Company that it will soon deliver, a written forbearance to such date. However, the delivery of a written forbearance to such date cannot be assured. The Company has agreed that it will not be entitled to make any further borrowings under the line of credit. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources."

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of Class A Common Stock by existing stockholders pursuant to Rule 144 under the Securities Act, pursuant to the Subsequent Offering or otherwise, or the potential of such sales, could have an adverse effect on the price of the Company's securities. Pursuant to the Subsequent Offering, 1,620,000 Selling Securityholder Warrants and the underlying Class A Common Stock will be registered for resale subsequent to this Offering, subject to a contractual restriction that the Selling Securityholders not sell any of the Selling Securityholder Warrants for at least 90 days after the date of this Prospectus and, during the period from 91 to 270 days after the date of this Prospectus, may only sell specified percentages of such

Selling Securityholder Warrants. Approximately 7,068,500 shares of Class A Common Stock are outstanding prior to completion of the Offering. 3,000,000 of such shares are Escrow Shares not transferable unless released from escrow pursuant to the Escrow Agreement. See "Principal Shareholders--Escrow Shares." Of the 4,068,500 shares of Class A Common Stock outstanding prior to the Offering that are not Escrow Shares, 795,197 are "restricted securities," all of which are currently eligible for sale pursuant to Rule 144 under the Securities Act. However, all directors and executive officers of the Company and certain holders of the outstanding shares of Class A Common Stock have agreed not to sell any shares of Common Stock for a period of 13 months from the date of this Prospectus without the prior written consent of the Underwriter. In addition, the holders of the Unit Purchase Option and the holders of 750,000 shares of Class A Common Stock and the holders of warrants to purchase 278,608 shares of Class A Common Stock have certain demand and "piggy-back" registration rights with respect to their securities. Exercise of such rights could involve substantial expense to the Company. See "Description of Securities," "Shares Eligible for Future Sale," "Subsequent Offering" and "Underwriting."

In connection with certain threatened claims against the Company and its directors and officers, certain of the Company's shareholders have indicated to the Company that they may attempt to sell all or part of their holdings of Class A Common Stock. See "--Legal Proceedings."

OUTSTANDING OPTIONS AND WARRANTS

Upon completion of this Offering, the Company will have outstanding (i) 4,760,000 Class A Warrants to purchase shares of Class A Common Stock; (ii) the Selling Securityholder Warrants to purchase 1,620,000 shares of Class A Common Stock; (iii) the Unit Purchase Option to purchase an aggregate of 952,000 shares of Class A Common Stock, assuming exercise of the underlying Class A Warrants; (iv) 530,000 shares of Class A Common Stock reserved for issuance upon exercise of options under the Company's 1993 Stock Option Plan, under which options to purchase 312,236 shares of Class A Common Stock are outstanding; and (v) warrants to purchase 288,608 shares of Class A Common Stock. Holders of such warrants and options are likely to exercise them when, in all likelihood, the Company could obtain additional capital on terms more favorable than those provided by such warrants and options. Further, while these warrants and options are outstanding, the Company's ability to obtain additional financing on favorable terms may be adversely affected.

LEGAL PROCEEDINGS

HBI Financial Inc. ("HBI"), and DDJ Capital Management LLC ("DDJ"), each major shareholders of the Company, have threatened various claims against the Company and its directors and officers arising out of the December 1995 private placement by the Company of 750,000 shares of Class A Common Stock. In general, they allege that the Company provided misleading projections and failed to disclose certain information in connection with such private placement. The Company believes these allegations to be without merit. While, to the Company's knowledge, HBI and DDJ have commenced no legal action against the Company in connection with such claims, no assurance can be given that they will not do so in the future. If they were to commence such legal action, the Company would be forced to defend such action and/or settle with them, the costs of which defense and/or any resulting liability or settlement could have a material adverse effect on the Company's financial condition. John W. Clark, a director of the Company, is a general partner of an affiliate of HBI.

The Company is subject to other litigation in the ordinary course of its business, none of which is expected to have a material adverse effect on the Company. See "Business--Legal Proceedings."

LIMITED MARKETING CAPABILITIES; UNCERTAINTY OF MARKET ACCEPTANCE

Because of the sophisticated nature and early stage of development of its products, the Company will be required to educate potential customers and successfully demonstrate that the merits of the Company's products justify the costs associated with such products. In certain cases, the Company will likely encounter resistance from customers reluctant to make the modifications necessary to incorporate the Company's

products into their products or production processes. In some instances, the Company may be required to rely on its distributors or other strategic partners to market its products. The success of any such relationship will depend in part on the other party's own competitive, marketing and strategic considerations, including the relative advantages of alternative products being developed and/or marketed by any such party. There can be no assurance that the Company will be able to market its products properly so as to generate meaningful product sales.

TIME LAG FROM PROTOTYPE TO COMMERCIAL SALES

The sales cycle in the automotive components industry is lengthy and can be as long as six years or more for products that must be designed into a vehicle, since some companies take that long to design and develop a car. Even when selling parts that are neither safety-critical nor highly integrated into the vehicle, there are still many stages that an automotive supply company must go through before achieving commercial sales. The sales cycle is lengthy because an automobile manufacturer must develop a high degree of assurance that the products it buys will meet customer needs, interface as easily as possible with the other parts of a vehicle and with the automobile manufacturer's production and assembly process, and have minimal warranty, safety and service problems. In the case of electric vehicles, another factor affecting the pace of commercialization is the pace of development of the electric vehicle industry itself. Since that industry has been and probably will continue to be slow to develop, electric vehicle products can generally be expected to require even longer times for commercialization than products intended for use in conventional gasoline-powered vehicles.

SPECIAL FACTORS APPLICABLE TO THE AUTOMOTIVE INDUSTRY IN GENERAL

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

COMPETITION; POSSIBLE OBSOLESCENCE OF TECHNOLOGY

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

DEPENDENCE ON KEY PERSONNEL; NEED TO RETAIN TECHNICAL PERSONNEL

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

RELIANCE ON MAJOR CONTRACTORS; RISKS OF INTERNATIONAL OPERATIONS

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

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

POTENTIAL CHARGES TO INCOME

In connection with the Company's initial public offering completed in 1993, the Escrow Shares were placed (and currently remain) in an escrow account, and are subject to release to the beneficial owners of such shares in the event the Company attains certain pre-tax income goals. In the event any Escrow Shares are released to persons who are current or former officers or other employees of the Company, compensation expense will be recorded for financial reporting purposes. Accordingly, in the event of the release of the Escrow Shares from escrow, the Company will recognize during the periods in which the earnings thresholds are met or are probable of being met one or more substantial non-cash charges which would have the effect of substantially increasing the Company's loss or reducing or eliminating earnings, if any, at such time. Although the amount of compensation expense recognized by the Company will not affect the Company's total shareholders' equity or reduce its working capital, it may have a depressive effect on the market price of the Company's securities. The Company also expects to incur a non-recurring charge to operations in each fiscal quarter up to and including the fiscal quarter in which the closing of the Offering occurs relating to the repayment of the Bridge Notes and associated costs of their issuance the aggregate amount of which, together with the charge the Company will incur upon repayment of the Bridge Notes, will be approximately $500,000. In addition, during the fourth quarter of 1996, the Company will incur a charge of approximately $700,000 related to costs incurred in connection with the Company's proposed Indian joint venture. See "Principal Shareholders--Escrow Shares," "Management's Discussion and Analysis of Financial Condition and Results of

Operations" and "--Lack of Capital to Fund Proposed Electric Vehicle Joint Venture; Strategy Untested; Write-off of Capitalized Expenses in 1996 Fourth Quarter."

POTENTIAL PRODUCT LIABILITY

The Company's business will expose it to potential product liability risks which are inherent in the manufacturing, marketing and sale of automotive components. In particular, there may be substantial warranty and liability risks associated with critical safety components of the Company's products. If available, product liability insurance generally is expensive. While the Company presently has $5,000,000 of product liability coverage with respect to the IVS-TM- product and its electric vehicle prototypes, there can be no assurance that it will be able to obtain or maintain such insurance on acceptable terms with respect to other products the Company may develop, or that any insurance obtained will provide adequate protection against any potential liabilities. In the event of a successful claim against the Company, a lack or insufficiency of insurance coverage could have a material adverse effect on the Company's business and operations.

DEPENDENCE ON GRANTS; GOVERNMENT AUDITS OF GRANTS

For the year ended December 31, 1995, and for the nine months ended September 30, 1996, the Company received a total of $1,469,000 and $1,454,000, respectively, in federal and state government grants to fund the Company's development of various of its products, including electric vehicles. As a result of budgetary pressures, fewer federal and state grants of the kind obtained by the Company in the past are available and those that are available are increasingly difficult to obtain. No assurance can be given as to whether the Company will be able to obtain any such grants in the future.

The Company's grants are subject to periodic audit by the granting government authorities for the purpose of confirming, among other things, progress in development and that grant moneys are being used and accounted for as required by the granting authority. If, as a result of any such audit, a granting authority were to disallow expenses submitted for reimbursement, such authority could seek recovery of such funds from the Company. The Company is not aware of any pending or threatened audits with respect to the Company's grants and does not have any reason to believe that any grant moneys have been applied in a manner inconsistent with grant requirements or that any grant audits are otherwise warranted or likely. However, no assurance can be given that any such audits will not be commenced in the future or that, if commenced, any such audits would not result in an obligation of the Company to reimburse funds to the granting authority.

IMMEDIATE AND SUBSTANTIAL DILUTION

Purchasers of Units in the Offering will experience immediate and substantial dilution of approximately $1.81 or 51% per share in the net tangible book value per share of Class A Common Stock. Additional dilution to public investors may result to the extent that the Class A Warrants, Unit Purchase Option or other outstanding options or warrants to purchase Class A Common Stock are exercised at a time when the net tangible book value per share exceeds the exercise price of such securities. See "Dilution."

NO DIVIDENDS

The Company has not paid any cash dividends on its Common Stock since its inception and, by reason of its present financial status and its contemplated financial requirements, does not anticipate paying any cash dividends in the foreseeable future. It is anticipated that earnings, if any, which may be generated from operations will be used to finance the operations of the Company.

FLUCTUATIONS IN QUARTERLY RESULTS; SIGNIFICANT DECLINE IN REVENUES EXPECTED; POSSIBLE VOLATILITY OF STOCK PRICE

Factors such as announcements by the Company of quarterly variations in its financial results, or unexpected losses, could cause the market price of the Class A Common Stock of the Company to fluctuate significantly. The results of operations in previous quarters have been partially dependent on

large grants, orders and development contracts, which may not recur in the future. In addition, the Company's quarterly operating results may fluctuate significantly in the future due to a number of other factors, including timing of product introductions by the Company and its competitors, availability and pricing of components from third parties, timing of orders, foreign currency exchange rates, technological changes and economic conditions generally. Development contract revenues are expected to decline significantly in the next two fiscal quarters because the activity on the Company's major electric vehicle development contract is expected to diminish during the fourth quarter of 1996 and ultimately conclude at the end of 1996 with no replacement contract presently scheduled to follow. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." In recent years, the stock markets in general, and the share prices of technology companies in particular, have experienced extreme fluctuations. These broad market and industry fluctuations may adversely affect the market price of the Class A Common Stock. In addition, failure to meet or exceed analysts' expectations of financial performance may result in immediate and significant price and volume fluctuations in the Class A Common Stock.

POTENTIAL CONFLICTS OF INTEREST

Affiliates of Lon E. Bell, Ph.D., Chief Executive Officer, President, Chairman of the Board of Directors, founder and a principal shareholder of the Company, are parties to certain business contracts and arrangements with the Company. These contracts and arrangements include the Company's lease of a manufacturing and office facility located in Alameda, California from CALSTART, a non-profit research and development consortium co-founded by Dr. Bell, several management contracts pursuant to which the Company manages certain electric vehicle grant programs obtained by CALSTART and an engineering design services contract pursuant to which the Company periodically engages Adaptrans, an entity owned by David Bell, Dr. Bell's son, to provide assistance with the Company's development of its electric vehicle Energy Management System. In addition, Dr. Bell has extended a $200,000 working capital loan to the Company that is payable on demand and a $100,000 working capital loan that is due and payable on the earlier of March 1, 1997 or the day after the completion of the Offering. See "Certain Transactions." These relationships and transactions, coupled with Dr. Bell's ownership of a significant percentage of the Company's Class A Common Stock and his membership on the Board of Directors, could give rise to conflicts of interest. The Company believes that such affiliate transactions are on terms no less favorable to the Company than those that could have been obtained from unaffiliated third parties.

John W. Clark, a director of the Company, is a general partner of an affiliate of HBI. HBI and DDJ, each major shareholders of the Company, have threatened various claims against the Company and its directors and officers arising out of the December 1995 private placement by the Company of 750,000 shares of Class A Common Stock. See "--Legal Proceedings." While to the Company's knowledge neither HBI nor DDJ has commenced any legal action against the Company, no assurance can be given that any such legal action will not be commenced in the future. The relationship of Mr. Clark with HBI, coupled with the fact that he is a member of the Company's Board of Directors, could give rise to conflicts of interest.

SIGNIFICANT INFLUENCE OF PRINCIPAL SHAREHOLDER

Upon completion of the Offering, the Company's principal shareholder, Dr. Bell, will beneficially own approximately 29% of the outstanding shares of Class A Common Stock of the Company (approximately 28% if the Underwriters' over-allotment option is exercised in full) and, therefore, will have the power to influence significantly the management and policies of the Company. See "Principal Shareholders" and "Description of Securities."

ANTI-TAKEOVER EFFECTS OF UNISSUED PREFERRED STOCK

The Company's Board of Directors has the authority to issue up to 5,000,000 shares of Preferred Stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of Class A Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be

issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. However, the Company has no present plans to issue shares of Preferred Stock. See "Description of Securities-- Preferred Stock."

RISK OF FOREIGN SALES

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

POTENTIAL ADVERSE EFFECT OF REDEMPTION OF WARRANTS

Commencing one year from the date of this Prospectus, the Class A Warrants may be redeemed by the Company at a redemption price of $.05 per Warrant upon not less than 30 days' prior written notice if the closing bid price of the Class A Common Stock shall have averaged in excess of 175% of the Class A Warrant exercise price per share for 30 consecutive trading days ending within 15 days of the notice. Redemption of the Class A Warrants could force the holders (i) to exercise the Class A Warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (ii) to sell the Class A Warrants at the then current market price when they might otherwise wish to hold the Class A Warrants, or (iii) to accept the nominal redemption price which, at the time the Class A Warrants are called for redemption, is likely to be substantially less than the market value of the Class A Warrants. See "Description of Securities--Class A Warrants."

CURRENT PROSPECTUS AND STATE REGISTRATION TO EXERCISE WARRANTS

Holders of Class A Warrants will be able to exercise the Class A Warrants only if (i) a current prospectus under the Securities Act relating to the securities underlying the Class A Warrants is then in effect and (ii) such securities are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of Class A Warrants reside. Although the Company has undertaken and intends to use its best efforts to maintain a current prospectus covering the securities underlying the Class A Warrants following completion of the Offering to the extent required by Federal securities laws, there can be no assurance that the Company will be able to do so. The value of the Class A Warrants may be greatly reduced if a prospectus covering the securities issuable upon the exercise of the Class A Warrants is not kept current or if the securities are not qualified, or exempt from qualification, in the states in which the holders of Class A Warrants reside. Persons holding Class A Warrants who reside in jurisdictions in which such securities are not qualified and in which there is no exemption will be unable to exercise their Class A Warrants and would either have to sell their Class A Warrants in the open market or allow them to expire unexercised. If and when the Class A Warrants become redeemable by the terms thereof, the Company may exercise its redemption right even if it is unable to qualify the underlying securities for sale under all applicable state securities laws. See "Description of Securities--Class A Warrants."

POSSIBLE ADVERSE EFFECT ON LIQUIDITY OF THE COMPANY'S SECURITIES DUE TO THE INVESTIGATION OF D.H. BLAIR INVESTMENT BANKING CORP. AND D.H. BLAIR & CO., INC. BY THE SECURITIES AND EXCHANGE COMMISSION

The Commission is conducting an investigation concerning various business activities of the Underwriter and D.H. Blair & Co., Inc. ("Blair & Co."), a selling group member which will distribute substantially all of the Units offered hereby. The investigation appears to be broad in scope, involving numerous aspects of the Underwriter's and Blair & Co.'s compliance with the Federal securities laws and

compliance with the Federal securities laws by issuers whose securities were underwritten by the Underwriter or Blair & Co., or in which the Underwriter or Blair & Co. made over-the-counter markets, persons associated with the Underwriter or Blair & Co., such issuers and other persons. The Company has been advised by the Underwriter that the investigation has been ongoing since at least 1989 and that it is cooperating with the investigation. The Underwriter cannot predict whether this investigation will ever result in any type of formal enforcement action against the Underwriter or Blair & Co., or, if so, whether any such action might have an adverse effect on the Underwriter or the securities offered hereby. The Company has been advised that Blair & Co. intends to continue to make a market in the securities following the Offering. An unfavorable resolution of the Commission's investigation could have the effect of limiting such firm's ability to make a market in the Company's securities, which could adversely affect the liquidity or price of such securities. See "Underwriting."

ADVERSE EFFECT ON LIQUIDITY ASSOCIATED WITH POSSIBLE RESTRICTIONS ON MARKET-MAKING ACTIVITIES IN THE COMPANY'S SECURITIES

The Underwriter has advised the Company that Blair & Co., among others, intends to continue to make a market in the Company's securities. Rule 10b-6 under the Securities Act of 1934, as amended (the "Exchange Act"), may prohibit Blair & Co. from engaging in any market-making activities with regard to the Company's securities for the period from nine business days (or such other applicable period as Rule 10b-6 may provide) prior to any solicitation by the Underwriter of the exercise of Class A Warrants until the later of the termination of such solicitation activity or the termination (by waiver or otherwise) of any right that the Underwriter may have to receive a fee for the exercise of Class A Warrants following such solicitation. As a result, Blair & Co. may be unable to provide a market for the Company's securities during certain periods while the Class A Warrants are exercisable. In addition, under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the Selling Securityholder Warrants may not simultaneously engage in market-making activities with respect to any securities of the Company for the applicable "cooling off" period (at least two and possibly nine business days) prior to the commencement of such distribution. Accordingly, in the event the Underwriter or Blair & Co. is engaged in a distribution of the Selling Securityholder Warrants, neither of such firms will be able to make a market in the Company's securities during the applicable restrictive period. Any temporary cessation of such market-making activities could have an adverse effect on the market price of the Company's securities. The Commission has recently adopted Regulation M, which will replace Rule 10b-6 and certain other rules promulgated under the Exchange Act. Upon its effectiveness in March 1997, Regulation M will result in, among other things, modifications of (i) the restricted or "cooling off" periods referenced above from two and nine business days (under current Rule 10b-6) to one and five business days and (ii) the criteria used to determine the applicable period. See "Underwriting."

ARBITRARY DETERMINATION OF PRICE AND TERMS OF UNITS

The public offering price of the Units and the exercise price and other terms of the Class A Warrants have been determined in part by negotiation between the Company and the Underwriter and are not necessarily related to the Company's asset value, net worth, results of operations or other established criteria of value. See "Underwriting."

POSSIBLE DELISTING OF SECURITIES FROM THE NASDAQ STOCK MARKET

While the Company's Class A Common Stock is currently listed on the Nasdaq SmallCap Market and the Class A Warrants meet the current Nasdaq listing requirements and are expected to be initially listed on Nasdaq, there can be no assurance that the Company will meet the criteria for continued listing. Continued inclusion on the Nasdaq generally requires that (i) the Company maintain at least $2,000,000 in total assets and $1,000,000 in capital and surplus, (ii) the minimum bid price of the Common Stock be $1.00 per share, (iii) there be at least 100,000 shares in the public float valued at $200,000 or more, (iv) the Common Stock have at least two active market makers and (v) the Common Stock be held by at least 300 holders. Nasdaq

has recently proposed certain modifications to the listing requirements that would make them even more stringent. Pursuant to such proposed modifications, continued inclusion on the Nasdaq would require that (i) the Company maintain (A) net tangible assets (defined as total assets less total liabilities and goodwill) of at least $2,000,000, (B) net income of $500,000 in two of the last three years, or (C) market capitalization of at least $35,000,000, (ii) the minimum bid price of the Common Stock be $1.00 per share, (iii) there be at least 500,000 shares in the public float valued at $1,000,000 or more, (iv) the Common Stock have at least two active market makers and (v) the Common Stock be held by at least 300 holders.

If the Company is unable to satisfy Nasdaq's maintenance requirements, its securities may be delisted from Nasdaq. In such event, trading, if any, in the Class A Common Stock and Class A Warrants would thereafter be conducted in the over-the-counter market in the so-called "pink sheets" or on the NASD's "Electronic Bulletin Board." Consequently, the liquidity of the Company's securities could be impaired, not only in the number of securities which could be bought and sold, but also through delays in the timing of transactions, reduction in security analysts' and the news media's coverage of the Company and lower prices for the Company's securities than might otherwise be attained.

RISKS OF LOW-PRICED STOCK

If the Company's securities were delisted from Nasdaq (See "--Possible Delisting of Securities from the Nasdaq Stock Market"), they could become subject to Rule 15g-9 under the Securities Exchange Act of 1934, which imposes additional sales practice requirements on broker-dealers which sell such securities to persons other than established customers and "accredited investors" (generally, individuals with net worths in excess of $1,000,000 or annual incomes exceeding $200,000, or $300,000 together with their spouses). For transactions covered by this rule, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. Consequently, such rule may adversely affect the ability of broker-dealers to sell the Company's securities and may adversely affect the ability of purchasers in the Offering to sell in the secondary market any of the securities acquired hereby.

Commission regulations define a "penny stock" to be any non-Nasdaq equity security that has a market price (as therein defined) of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule prepared by the Commission relating to the penny stock market. Disclosure is also required to be made about commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

The foregoing required penny stock restrictions will not apply to the Company's securities if such securities are listed on Nasdaq and have certain price and volume information provided on a current and continuing basis or meet certain minimum net tangible assets or average revenue criteria. There can be no assurance that the Company's securities will qualify for exemption from these restrictions. In any event, even if the Company's securities were exempt from such restrictions, it would remain subject to Section 15(b)(6) of the Exchange Act, which gives the Commission the authority to prohibit any person that is engaged in unlawful conduct while participating in a distribution of a penny stock from associating with a broker-dealer or participating in a distribution of a penny stock, if the Commission finds that such a restriction would be in the public interest. If the Company's securities were subject to the rules on penny stocks, the market liquidity for the Company's securities could be severely adversely affected.

USE OF PROCEEDS

The net proceeds of the Offering, at an assumed public offering price of $1,000 per Unit, are estimated to be approximately $14,841,750 ($17,169,263 if the Over-Allotment Option is exercised in full) after deducting underwriting discounts and estimated expenses of the Offering. A portion of the net proceeds will be allocated to the retirement of debt as follows: (i) the Bridge Notes bearing interest at 10% per annum and due and payable upon the earlier to occur of the closing of the Offering or October 31, 1997, in the amount of $2,850,000 plus an estimated $75,000 in accrued interest from October 31, 1996 (the proceeds from which have been and are being used to finance the Company's operations, including payments to vendors and suppliers and other general and administrative expenses, pending completion of the Offering); (ii) all outstanding amounts due under a secured bank line of credit bearing interest at the bank's "prime rate" plus 1.3% per annum and due and payable January 31, 1997, but which has been extended orally until February 28, 1997 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources"), in the amount of approximately $1,185,000 (the proceeds from which have been and are being used to finance the Company's performance under a contract to develop passenger electric vehicle systems for an Asian manufacturing company, and the Company's obligations under which have been partially guaranteed by Lon E. Bell, Ph.D., Chief Executive Officer, President and Chairman of the Board of Directors, founder of the Company and a principal shareholder of the Company); (iii) the September 1996 working capital loan made by Dr. Bell bearing interest at 8% per annum and due and payable on demand, in the principal amount of $200,000 (the proceeds from which were used to augment the Company's short-term working capital) and (iv) the January 1997 working capital loan made by Dr. Bell, in the principal amount of $100,000, bearing interest at 10% per annum and due and payable on the earlier of March 1, 1997 or the day after the closing of the Offering (the proceeds from which were used to augment the Company's short-term working capital). In addition, the Company intends to apply approximately $100,000 of the net proceeds of the Offering to pay deferred executive salaries. The Company intends to apply the balance of the net proceeds of the Offering (approximately $10,331,750) to fund near-term production engineering, manufacturing, research and development and marketing of its products, allocated approximately as follows: $8,831,750 to the Company's thermoelectric heated and cooled seats and radar for maneuvering and safety technologies, and $1,500,000 to the Company's electric vehicle components and production systems technologies and voice interactive navigation and entertainment. To the extent that the Company has net proceeds from the Offering that it is not able to use for the foregoing purposes, the Company intends to use such net proceeds for general corporate purposes. Pending the uses described above, the net proceeds of the Offering will be invested in short-term interest-bearing securities or money market funds.

The following table sets forth the anticipated approximate uses of the net proceeds from the Offering as described above:

	$ AMOUNT	% OF NET PROCEEDS
Retirement of Debt:		
Repayment of Bridge Notes (with interest)	$ 2,925,000	19.7%
Repayment of Secured Credit Line	1,185,000	8.0
Repayment of Working Capital Loans from Dr. Bell	300,000	2.0
Total Debt Retirement	4,410,000	29.7
Payment of Deferred Executive Salaries	100,000	0.7
Working Capital(1):		
Thermoelectric Heated and Cooled Seats/Radar	8,831,750	59.5
Electric Vehicle Components and Production Systems and IVS-TM-	1,500,000	10.1
Total Working Capital	10,331,750	69.6
Total All Uses	$ 14,841,750	100.0%

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(1) Consists of operating expenses, including production, engineering, manufacturing, research and development, marketing costs and corporate overhead.

The amounts and timing of such expenditures may vary significantly depending upon numerous factors, including the progress of the Company's research and development programs, the timing of development contracts and grant funding, if any, technological advances, determinations as to commercial potential and the status of competitive products. Expenditures may also be dependent upon the establishment of strategic arrangements with other companies, the availability of financing and other factors. Subject to the variables set forth above, the Company anticipates that the net proceeds of this Offering, together with its existing resources, should be sufficient to finance its working capital requirements for approximately the next 12 months.

DILUTION

The following discussion and tables allocate no value to the Class A Warrants and assume no exercise of the Underwriter's Over-Allotment Option.

As of September 30, 1996, the Company had a net tangible book value of $1,004,000 or approximately $.25 per share of Class A Common Stock. Net tangible book value per share represents the amount of the Company's total tangible assets, less liabilities, divided by the number of shares of Class A Common Stock outstanding (excluding the Escrow Shares). Giving retroactive effect to the sale of the 17,000 Units offered hereby at an assumed offering price of $1,000 per Unit and receipt of the estimated net proceeds therefrom, and giving pro forma effect to the $500,000 charge to operations to be incurred upon repayment of the Bridge Notes, the pro forma net tangible book value at September 30, 1996 would have been $1.76 per share, representing an immediate increase in net tangible book value of $1.51 per share to the present shareholders and an immediate dilution of $1.81 per share to new investors from the public offering price. Dilution per share represents the difference between the public offering price and the pro forma net tangible book per share value after the Offering.

The following table illustrates the per share dilution to be incurred by public investors from the public offering price:

Assumed public offering price per share of Class A Common Stock.....		$ 3.57
Net tangible book value before Offering.....	.25	
Increase attributable to new investors.....	1.51	
Pro forma net tangible book value after Offering.....		1.76
Dilution of net tangible book value to new investors.....		$ 1.81

The following table sets forth the difference between the present shareholders and the public investors with respect to the number of shares of Class A Common Stock purchased from the Company, the total consideration paid and the average price per share:

	NUMBER	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AVERAGE PRICE PER SHARE
Current Shareholders.....	4,068,500(1)	46%	$ 20,045,000	54%	$ 4.93
Investors in the Offering.....	4,760,000	54%	17,000,000	46%	$ 3.57
	8,828,500(1)	100%	$ 37,045,000	100%	

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(1) Excludes the Escrow Shares. See "Principal Shareholders--Escrow Shares."

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's Class A Common Stock has traded on the Nasdaq SmallCap Market under the symbol ARGNA since June 10, 1993. The Company has applied for inclusion of the Class A Warrants on the Nasdaq SmallCap Market. The Units will not be listed or traded separately on Nasdaq. The following table sets forth the high and low bid prices for the Class A Common Stock as reported on the Nasdaq SmallCap Market for each quarterly period (or part thereof) from the beginning of the first quarter of 1994 through December 31, 1996.

	HIGH	LOW
1994		
1st Quarter	$ 10.00	$ 7.50
2nd Quarter	9.75	8.00
3rd Quarter	10.00	9.00
4th Quarter	12.00	9.75
1995		
1st Quarter	13.50	9.50
2nd Quarter	10.50	9.50
3rd Quarter	12.50	9.00
4th Quarter	11.25	10.25
1996		
1st Quarter	10.75	10.00
2nd Quarter	12.00	9.00
3rd Quarter	11.00	7.25
4th Quarter	7.00	4.75

The last reported sales price of the Class A Common Stock on the Nasdaq SmallCap Market on February 4, 1997 was $5.625 per share. As of February 4, 1997, there were approximately 49 holders of record of the Class A Common Stock (not including beneficial owners holding shares in nominee accounts).

The Company has not paid any cash dividends since its formation and, given its present financial status and its anticipated financial requirements, does not expect to pay any cash dividends in the foreseeable future. In addition, the terms of the Company's secured bank line of credit prohibit the payment of cash dividends. The Company intends to apply a portion of the net proceeds of the Offering to pay off such line of credit. See "Use of Proceeds." It is anticipated that earnings, if any, which may be generated from operations will be used to finance the operations of the Company.

CAPITALIZATION

The following table sets forth (i) the capitalization of the Company at September 30, 1996, (ii) the pro forma capitalization of the Company at September 30, 1996 giving effect to the Bridge Financing and to the January 1997 working capital loan of $100,000 from Dr. Bell as if such transaction had occurred on that date and (iii) the pro forma capitalization of the Company at September 30, 1996 as adjusted at that date to give effect to the sale of the Units offered hereby at an assumed offering price of $1,000 per unit (and the application of the net proceeds therefrom). See "Use of Proceeds," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the financial statements of the Company and related notes thereto included elsewhere in this Prospectus.

	SEPTEMBER 30, 1996 (IN THOUSANDS)		
	ACTUAL	PRO FORMA (1)(2)	PRO FORMA (AS ADJUSTED)(1)(3)
Short term debt			
Capital lease--short term portion	$ 19	$ 19	$ 19
Notes payable to shareholder	200	300	--
Bank loan payable	2,532	2,532	1,347
10% Notes payable(4)	--	2,850	--
10% Convertible subordinated debentures(4)	--	150	--
Total short term debt	2,751	5,851	1,366
Long term portion of capital lease	50	50	50
Shareholders' equity			
Preferred stock, no par value; 5,000,000 shares authorized, none issued	--	--	--
Common stock:			
Class A, no par value; 17,000,000 shares authorized and 4,068,500 shares issued and outstanding actual and pro forma, excluding 3,000,000 shares issued and held in escrow; 17,000,000 shares authorized and 8,828,500 shares issued and outstanding, excluding 3,000,000 shares issued and held in escrow, as adjusted	17,321	17,321	32,163
Class B, no par value; 3,000,000 shares authorized, none issued	--	--	--
Warrants to purchase common stock	--	--	150
Contributed capital	3,115	3,115	3,115
Deficit accumulated during development stage(2)	(19,432)	(19,432)	(19,932)
Total shareholders' equity	1,004	1,004	15,496
Total capitalization	$ 3,805	$ 6,905	$ 16,912

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(1) Does not include (i) 1,428,000 shares of Class A Common Stock issuable upon exercise of the Over-Allotment Option and the Class A Warrants included in the Units issuable upon exercise of the Over-Allotment Option; (ii) 4,760,000 shares of Class A Common Stock issuable upon exercise of the Class A Warrants included in the Units offered hereby; (iii) 952,000 shares of Class A Common Stock issuable upon exercise of the Unit Purchase Option and the Class A Warrants included in the Units included in the Unit Purchase Option; (iv) 288,608 shares of Class A Common Stock issuable upon exercise of outstanding warrants; (v) 530,000 shares of Class A Common Stock presently reserved for issuance under the Company's 1993 Stock Option Plan, as amended, under which options to purchase 312,236 shares of Class A Common Stock are outstanding. "Description of Securities" and "Underwriting."

(2) Gives pro forma effect to the October 1996 issuance of the Bridge Units, net of approximately $500,000 of issuance costs, and the January 1997 loan of $100,000 to the Company by Dr. Bell, as if such transactions had occurred as of September 30, 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

(3) As adjusted to give effect to the sale of the 17,000 Units offered hereby at an assumed offering price of $1,000 per Unit and the application of the net proceeds therefrom (including the automatic conversion of the Bridge Debentures into Class A Warrants, the repayment of the principal on the Bridge Notes and the corresponding charge to operations upon repayment thereof estimated at $500,000). See "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

(4) The Bridge Notes and Bridge Debentures are payable on the earlier of the closing of this Offering or October 31, 1997; provided that the Bridge Debentures will automatically convert upon the closing of the Offering into an aggregate of 1,620,000 Selling Securityholder Warrants.

BRIDGE FINANCING

In October 1996, the Company completed the Bridge Financing from which it received net proceeds of approximately $2,500,000. The Bridge Notes and the Bridge Debentures are payable, together with interest at the rate of 10% per annum, on the earlier of October 31, 1997 or the closing of the Offering. See "Use of Proceeds." The Bridge Debentures are convertible upon the Closing of the Offering into the Selling Securityholder Warrants, each of which will be identical to the Class A Warrants included in the Units offered hereby, and which will entitle the holders thereof to purchase an aggregate of 1,620,000 shares of Class A Common Stock. The Company has agreed to register subsequent to the Offering for resale the Selling Securityholder Securities, subject to the contractual restriction that the Selling Securityholders have agreed not to exercise the Selling Securityholder Warrants for a period of one year from the closing of the Offering and not to sell the Selling Securityholder Warrants except after specified periods commencing 90 days after the closing date of the Offering. See "Subsequent Offering."

SELECTED FINANCIAL DATA

The selected financial data of the Company presented below as of and for the four years ended December 31, 1995, as of and for the period April 23, 1991 (Inception) to December 31, 1991 and for the period April 23, 1991 (Inception) to December 31, 1995 have been derived from the audited financial statements of the Company. The selected financial data of the Company presented below at September 30, 1996 and for the nine months ended September 30, 1995 and 1996 and for the period April 23, 1991 (Inception) to September 30, 1996 have been derived from unaudited financial statements of the Company and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods. The results of operations for the nine months ended September 30, 1996 are not necessarily indicative of future results of operations. The selected financial data presented below should be read in conjunction with the financial statements and related notes thereto appearing elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	PERIOD FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31, 1991	FISCAL YEARS ENDED DECEMBER 31,				PERIOD FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1995
		1992	1993	1994	1995		
	(IN THOUSANDS EXCEPT PER SHARE DATA)						
OPERATING DATA:							
Total revenues	$ --	$ 1,900	$ 2,289	$ 2,640	$ 7,809	$ 14,638	$ 4,806
Costs and expenses:							
Direct development contract and related grant costs	--	--	525	928	5,332	6,785	3,895
Direct grant costs	84	1,647	1,649	803	339	4,522	390
Research and development	221	356	1,578	2,137	2,367	6,659	1,785
Selling, general and administrative, including reimbursable administrative costs	311	1,356	2,340	3,235	3,135	10,377	1,820
Total costs and expenses	616	3,359	6,092	7,103	11,173	28,343	7,890
Operating Loss	(616)	(1,459)	(3,803)	(4,463)	(3,364)	(13,705)	(3,084)
Interest Income	--	--	163	228	127	518	124
Interest Expense	--	--	--	--	--	--	--
Net loss	$ (616)	$ (1,459)	$ (3,640)	$ (4,235)	$ (3,237)	$ (13,187)	$ (2,960)
Net loss per share	$ (.61)	$ (1.46)	$ (1.64)	$ (1.28)	$ (.98)	--	$ (0.90)
Weighted average number of shares outstanding	1,000	1,000	2,213	3,300	3,306	--	3,300
Supplemental pro forma net loss per share (1)	--	--	--	--	--	--	--
Supplemental pro forma weighted average shares outstanding (1)	--	--	--	--	--	--	--

	SEPTEMBER 30, 1996	PERIOD FROM APRIL 23, 1991 (INCEPTION) TO SEPTEMBER 30, 1996
OPERATING DATA:		
Total revenues	$ 6,501	$ 21,139
Costs and expenses:		
Direct development contract and related grant costs	9,142	15,927
Direct grant costs	101	4,623
Research and development	1,544	8,203
Selling, general and administrative, including reimbursable administrative costs	1,838	12,215
Total costs and expenses	12,625	40,968
Operating Loss	(6,124)	(19,829)
Interest Income	42	560
Interest Expense	(163)	(163)
Net loss	$ (6,245)	$ (19,432)

Net loss per share	$ (1.54)	--
Weighted average number of shares outstanding	4,060	--
Supplemental pro forma net loss per share (1)	$ (1.45)	--
Supplemental pro forma weighted average shares outstanding (1)	4,292	--

	AS OF DECEMBER 31,				
	1991	1992	1993	1994	1995
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Working capital (deficit)	$ (438)	$ (1,644)	$ 8,833	$ 4,149	$ 6,481
Total assets	55	969	9,721	7,162	8,995
Long-term debt	--	--	--	78	68
Total liabilities	460	2,494	701	2,376	1,797
Deficit accumulated during development stage	(616)	(2,075)	(5,715)	(9,950)	(13,187)
Total shareholders' equity (accumulated deficit)	(405)	(1,525)	9,020	4,786	7,198

	AS OF SEPTEMBER 30, 1996
BALANCE SHEET DATA:	
Working capital (deficit)	$ 351
Total assets	5,876
Long-term debt	50
Total liabilities	4,872
Deficit accumulated during development stage	(19,432)
Total shareholders' equity (accumulated deficit)	1,004

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(1) Supplemental pro forma net loss per share and supplemental pro forma weighted average shares outstanding reflect the anticipated application of a portion of the proceeds of the Offering to repay the bank line of credit as described in "Use of Proceeds" as if such repayment occurred as of its issuance date (April 18, 1996). Supplemental pro forma net loss per share for the year ended December 31, 1995 has not been presented since there were no borrowings outstanding on the bank line of credit at December 31, 1995.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

OVERVIEW OF DEVELOPMENT STAGE ACTIVITIES

The Company's operations during the development stage have focused on the research and development of technologies to adapt them for a variety of uses in the automotive industry. Generally, the Company licenses the rights to these technologies from the holders of the related patents. As development proceeds, the Company seeks to generate revenues from the sale of prototypes, then from specific development contracts, pre-production orders and, ultimately, production orders. The benefit of prototype sales is to gain experience and information regarding the performance of the prototypes and to develop customer interest in and comfort with the technology. Development contracts are from customers interested in developing a particular use or project using the Company's technologies and are generally longer term activities (from six months to one year) involving, in some cases, pre-production orders of larger quantities of the product for final testing by the customer before submitting a production order. Revenues obtained as grant funding from government agencies interested in promoting the technologies for specific tasks or projects, and development funds from prototype sales to customers help offset the development expenses overall. Throughout the development stage, development costs and administrative expenses have and are expected to continue to exceed the revenues from customers and from grant agencies.

The Company received no funds to offset its development expenses from any funding source in 1991 and, in 1992, secured its first outside grant funding totaling $1,900,000. In 1993, the Company sold $188,000 in prototypes of its developing technology adaptations and, in addition, recorded $2,101,000 in grant revenue. In 1994, the sale of prototypes increased and the Company recorded its first development contract revenues, increasing revenues from these sources to $1,336,000. Grant revenues became less important as a source of total revenues, decreasing in 1994 to 49% of total revenues from 92% in 1993. In 1995, the Company recorded development funding revenue from customers of $5,418,000 plus related grant funds of $1,872,000. The Company also recorded additional grant revenue of $519,000.

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1995

REVENUES. Revenues for the nine months ended September 30, 1996 ("1996") were $6,501,000 as compared with revenues of $4,806,000 in the nine months ended September 30, 1995. Approximately $5,535,000 of 1996 revenue relates to a single electric vehicle development contract and related grants, which is an increase of approximately $1,871,000 over 1995. Development contract revenues are expected to decline significantly in the next two fiscal quarters because the activity on the major electric vehicle development contract is expected to diminish during the fourth quarter of 1996 and ultimately conclude at the end of 1996 with no replacement contract presently scheduled to follow. Therefore, the Company does not expect any revenues from this major electric vehicle development contract in 1997. The percentage of completion method of accounting is used for this contract and, accordingly, revenues and gross profit are recognized as work is performed based on the relationship between actual costs incurred and total estimated costs at completion. Revenues and gross profit are recognized prospectively after taking into account revisions in estimated total contract costs and contract values, and estimated losses are recorded when identified. As discussed below, the Company recorded a charge to operations of approximately $1,625,000 during the nine months ended September 30, 1996 to provide for the ultimate estimated loss expected on the contract. Grant revenue is recorded when reimbursable costs are incurred.

The level of activity in the contract involved considerably more labor and material expenses in 1996 compared to the beginning stages of the contract in 1995, when engineering design was the principal activity. In 1996, two prototypes of the vehicle to be built under the contract were constructed and improved with design modification changes. Kits for all vehicle frames with motor controllers required under the contract were completed and shipped to the customer and final tooling for body panels and interior portions of the vehicle and remaining parts were being ordered.

During 1996, development continued on the Company's climate control seat system and radar system, some of which was funded pursuant to development contracts. The magnitude of the revenues recognized for the development of the seat systems, radar systems and for the sale of IVS products in 1996 was $847,000, compared to $727,000 in 1995. The Company began selling IVS-TM- products in December 1995. Demand for the IVS-TM- product in 1996 was weak.

Grant revenues in 1996 of approximately $119,000 were related to new grants for the IVS-TM- and radar products, compared to $480,000 in 1995 that were related to two prior electric vehicle projects and a project in the seat systems area. Certain other grant revenues that are related to the electric vehicle development have been combined with the development contract revenue. These grant revenues totaled $815,000 in 1996 compared to $872,000 in 1995.

DIRECT DEVELOPMENT CONTRACT AND RELATED GRANT COSTS. Direct development contract and related grant costs increased to $9,142,000 in 1996 from $3,895,000 in 1995 due to the increased activity in the Company's electric vehicle program. Included in these costs are costs related to the commercial sales of IVS-TM- products totaling $490,000 in 1996. Commercial sales of the IVS-TM- products commenced in December of 1995. See "Business--Electric Vehicles." In 1996, two prototypes of the vehicle were constructed and improved with design modification changes, kits for all vehicle frames with motor controllers were completed and shipped to the customer, and final tooling for body panels and interior portions of the vehicle and remaining parts were being ordered. In 1995, engineering design was the principal activity. The amount for 1996 includes a provision of $1,625,000 for the ultimate loss expected on the Company's major electric vehicle contract that was provided for primarily in the second quarter of 1996. The cost overruns were caused by unanticipated design and development problems and continued delays in the completion of the contract, as well as other factors, which resulted in higher labor costs together with higher than expected tooling and material costs.

DIRECT GRANT COSTS. Direct Grant Costs in 1996 were $101,000 compared to $390,000 in 1995. These costs are related to the projects for which grant revenues are reported. The decrease in amount reflects the reduction in grant project activities during 1996.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses were $1,544,000 in 1996 compared to $1,785,000 in 1995. These expenses represent unfunded research and development expenses. Expenses of research and development projects that are specifically funded by development contracts from customers are classified under direct development contract and related grant costs or direct grant costs. The Company's research and development expenses fluctuate significantly from period to period, due to both changing levels of activity and changes in the amount of such activities that are covered by customer contracts or grants. Where possible, the Company seeks funding from third parties for its research and development activities.

SELLING, GENERAL AND ADMINISTRATIVE ("SG&A") EXPENSES. SG&A expenses were $1,838,000 in 1996 compared to $1,820,000 in 1995. Direct and indirect overhead expenses included in SG&A which are associated with development contracts are allocated to such contracts.

INTEREST INCOME (EXPENSE). The interest expense in 1996 is related to the bank line of credit obtained to finance work on the major electric vehicle contract. There was no such loan in 1995. Interest income decreased to $42,000 in 1996 compared to $124,000 in 1995 reflecting the overall lower cash balance during 1996.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

Total revenues increased by $5,169,000 to $7,809,000 in the year ended December 31, 1995 from the year ended December 31, 1994 due to the increase in development contract work for customers. Development contract revenues including revenues from the sales of prototypes increased to $7,290,000, which includes $1,872,000 of grant funding related to these development activities, compared to $1,336,000 in 1994. The substantial increase in development revenues is primarily attributable to revenues in 1995 from the Company's electric vehicle development contract which were $4,040,000 compared to $48,000 in 1994. These contracts are related to orders for prototype models and kits to make approximately 50 electric vehicles. Grant revenue from activities not related to development contracts decreased from $1,304,000 in 1994 to $519,000 in 1995 due to the completion in 1994 of three grants accounting for $577,000 of the decrease and due to the decrease in billings for two other grants.

Direct costs for development contracts and related grants increased from $928,000 in 1994 to $5,332,000 in 1995 primarily as a result of the Company's electric vehicle development contract together with development contract costs in the climate control seat and radar programs. In the electric vehicle program the costs primarily consisted of tooling costs for prototype materials, internal and external engineering services and consulting. In 1995, the amount for direct development contract and related grant costs includes $412,000 with respect to the commercial sales of IVS-TM- products that commenced in December of 1995. Direct costs for grants decreased from $803,000 in 1994 to $339,000 in 1995, due to the decrease in the number of and activity under grants as described above.

Research and development expenses include the unfunded portion of direct wages of Company engineers and technicians, outside consultants, prototype tooling and prototype materials. Such expenses increased from $2,137,000 in 1994 to $2,367,000 in 1995 primarily due to costs associated with completing the development of the Company's IVS-TM- product. Included in the research and development expenses are fees for licenses and royalties of $248,000 in 1994 and $345,000 in 1995. Research and development is expected to continue at high levels as work continues toward the commercialization of the Company's electric vehicle, radar and seat products as well as on improvements to the IVS-TM- product.

SG&A decreased from $3,235,000 in 1994 to $3,135,000 in 1995. Increases in rent, legal expenses, sales commissions and depreciation were offset by decreases in the provision for doubtful accounts and recruiting expenses. Interest income decreased from $228,000 in 1994 to $127,000 in 1995 due to the lower amount of invested cash in 1995.

Future fiscal periods will be negatively impacted to the extent the Company incurs charges to income resulting from the vesting of options granted at prices below fair market value on date of grant and the vesting of performance options on the date such performance goals are attained (See Note 8 of Notes to the Financial Statements). Substantial charges to income will also be incurred at such time that financial or per share targets for the release of shares held in escrow are met (See Note 7 of Notes to the Financial Statements).

YEAR ENDED DECEMBER 31, 1994 COMPARED TO YEAR ENDED DECEMBER 31, 1993

Total revenues increased from $2,289,000 in the year ended December 31, 1993 to $2,640,000 in the year ended December 31, 1994. Revenues for 1994 included $1,336,000 in development contracts from customers compared to $188,000 in 1993. The increase in sales of prototypes and development contract revenue compared to 1993 is because the Company's products were further along in the development cycle and due to increased marketing efforts which expanded in 1994. Also, the Company was able to offer more advanced prototypes of the Company's products to automotive manufacturers for testing and analysis. Revenue from grants decreased from $2,101,000 in 1993 to $1,304,000 in 1994 due to an electric vehicle "Showcase" grant program completed in 1993 with a grant-funded follow-on program that began in 1993 and was completed in the first half of 1994.

Direct costs for development contracts and related grants increased from $525,000 in 1993 to $928,000 in 1994. The increase is due to the increased numbers of customer prototypes. In 1993, the costs of producing prototypes was greater relative to the related revenues because the state of development and

ease of production was not as advanced as in 1994, and also because the Company was not able to charge as much to customers as in 1994.

Research and development expenses increased from $1,578,000 in 1993 to $2,137,000 in 1994 due to accelerated development of its products, primarily the IVS-TM- System, Climate Controlled Seat System and the Ultra Wideband Radar products. Research and Development activities provide benefit to some of the specific prototypes sold and development contracts since most of the technology is common within a product line. Included in these expenses in 1994 was $248,000 in license acquisition costs and minimum royalties related to the IVS-TM-, the Climate Controlled Seat and the radar technology.

SG&A expenses increased from $2,340,000 in 1993 to $3,235,000 in 1994 primarily due to the hiring of additional personnel, development of a marketing department and marketing activities, and other increases in administrative expenses in support of the increases in development activities. Many of these increases in activities initially occurred in the second six months of 1993, but had a full year effect in 1994. In addition, SG&A expenses increased in 1994 by approximately $189,000 due to the start of the lease in February 1994 at the present location. Previously, the Company occupied office space at minimal expense. SG&A expenses in 1993 included $549,000 in compensation expense related to the granting of stock options compared to $1,000 of such expenses in 1994.

Interest income of $163,000 was earned in 1993 on invested cash as compared with $228,000 in 1994. The net loss increased from $3,640,000 in 1993 to $4,235,000 in 1994 due primarily to the increase in development activity expenses relative to the amount of grant and customer funding obtained, and, in part, to the increases in selling expenses to increase that activity and to the increase in costs associated with being in a new facility for the full year in 1994.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1996, the Company had working capital of $351,000. The Company's principal sources of operating capital have been the proceeds of its initial public offering in September 1993, the private placement of common stock in December 1995 and the October 1996 Bridge Financing discussed below, together with revenues from grants, development contracts and the sale of prototypes to customers. To a lesser extent, the Company received capital contributions from the Company's principal shareholders before becoming a public company and has received loans from the Company's Chief Executive Officer and principal shareholder subsequent to such date.

Cash and cash equivalents decreased by $4,218,000 during the period from December 31, 1995 to September 30, 1996. Operating activities used $6,796,000, of which $6,245,000 was for the operating loss, $1,098,000 was for the increase in unbilled revenues and accounts receivable (primarily related to the development contract and grant related to the Company's electric vehicle program), and $700,000 was related to work in anticipation of a proposed joint venture company in India. Reductions of $501,000 in prepaid expenses and other assets related to the electric vehicle program and increases in accounts payable of $410,000 partially offset the other uses of cash for operating activities. Investing activities used $187,000 related to the purchase of property and equipment.

Financing activities provided $2,765,000, of which $2,532,000, net of repayments, was from borrowing under a bank line of credit established to finance the cash flows of the major electric vehicle contract. The line of credit expired by its terms but was extended orally until February 28, 1997. The Company has sought, and the bank has advised the Company that it will soon deliver, a written extension to such date. As of September 30, 1996, the Company was in violation of certain financial and other covenants contained in the loan agreement. However, the bank has agreed to waive its rights and remedies with respect to some of such violations and has agreed orally to forbear until February 28, 1997 from exercising its rights and remedies with respect to all others. The Company has sought, and the bank has advised the Company that it will soon deliver, a written forbearance to such date. However, the delivery of such a written forbearance cannot be assured. See "Risk Factors--Default Under Bank Credit Line." The Company has agreed that it

will not be entitled to make any further borrowings under the line of credit. A portion of the proceeds of the Offering will be applied to repayment of obligations incurred by the Company under the credit line. See "Use of Proceeds."

The Company expects to incur losses for the foreseeable future due to the continuing cost of its product development and marketing activities. To fund its operations, the Company will continue to need cash from financing sources unless and until such time as sufficient profitable production contracts are obtained. Cash inflows during the development and early stage production period are dependent upon achieving certain billing milestones under existing development contracts and grants, and on obtaining new production and/or development contracts. Cash outflows are dependent upon the level and timing of production and/or development work and the amount of research and development and overhead expenses. Cash inflows must be supplemented by cash from debt and/or equity financing.

Subsequent to September 30, 1996, the Company's working capital diminished to almost zero. In October 1996, the Company completed the Bridge Financing. The Bridge Debentures will, upon completion of the Offering, automatically convert into an aggregate of 1,620,000 Class A Warrants. The net proceeds to the Company from the Bridge Financing were approximately $2,500,000, net of costs of issuance of approximately $500,000. A portion of the proceeds of the Offering will be applied to repayment of the Bridge Notes. See "Use of Proceeds." A substantial portion of the costs of issuance of the Bridge Financing will be charged to operations upon repayment of the Bridge Notes.

If and when the Company is able to commence commercial production of its heated and cooled seat or radar products, the Company will incur significant expenses for tooling product parts and to set up manufacturing and/or assembly processes. The Company also expects to require significant capital to fund other near-term production engineering and manufacturing, as well as research and development and marketing, of these products. Moreover, the licensing agreements for the Company's current and potential future rights to licensed technology generally require the payment of minimum royalties. For the fiscal year ended December 31, 1996, the Company paid a total of approximately $201,000 in royalties. In the event the Company is unable to pay such royalties or otherwise breaches such licensing agreements in the future, the Company would lose its rights to the licensed technology, which would have a material adverse effect on the Company's business. The Company anticipates that its existing capital resources, together with the net proceeds from the Offering, will be sufficient to meet all of these capital needs for approximately the next twelve months.

Over the long-term, the Company expects to continue to expend substantial funds to continue its development efforts. The Company has experienced negative cash flow since its inception and has not generated, and does not expect to generate in the foreseeable future, sufficient revenues from the sales of its principal products to cover its operating expenses or to finance such further development efforts. Accordingly, the Company expects that significant additional financing will be necessary to fund the Company's long-term operations. See "Risk Factors--Need for Additional Financing."

Except for the historical information contained herein, the matters discussed above include forward looking statements that involve risks and uncertainties, including with respect to the electric vehicle project, potential further delays in the completion of the contract, unanticipated costs associated with the project which may cause the estimated loss to increase, unanticipated product design problems and inability to obtain a financial or strategic partner, and with respect to the overall operations and expected future operating losses, the timing and amount of financing required to continue operations, and other risks detailed from time to time in the Company's other filings with the Commission.

CHARGES TO INCOME

During the fourth quarter of 1996, the Company will incur a charge of approximately $700,000 related to costs incurred in connection with the Company's proposed Indian joint venture. See "Risk Factors-- Lack of Capital to Fund Proposed Electric Vehicle Joint Venture; Strategy Untested; Write-off of

Capitalized Expenses in 1996 Fourth Quarter" and "--Potential Charges to Income." In addition, the Company expects to incur a non-recurring charge to operations in each fiscal quarter up to and including the fiscal quarter in which the closing of the Offering occurs relating to the repayment of the Bridge Notes and associated costs of their issuance the aggregate amount of which, together with the charge the Company will incur upon the repayment of the Bridge Notes, will be approximately $500,000.

In the event any Escrow Shares are released from escrow to persons who are officers and other employees of the Company, compensation expense will be recorded for financial reporting purposes. Therefore, in the event the Company attains any of the earnings thresholds required for the release of Escrow Shares from escrow, such release will be deemed additional compensation expense of the Company and the Company will recognize during the periods in which the earnings thresholds are met or are probable of being met or such minimum bid prices attained what will likely be one or more substantial charges which would have the effect of substantially increasing the Company's loss or reducing or eliminating earnings, if any, at such time. Although the amount of compensation expense recognized by the Company will not affect the Company's total shareholders' equity or its working capital, it may have a depressive effect on the market price of the Company's common stock.

GENERAL

Amerigon is a development stage company formed in 1991 to develop, manufacture and market proprietary high technology automotive components and systems for sale to automobile and other original equipment manufacturers. The Company's business strategy is to apply aerospace and defense industry technology to products for the automotive market. The Company has principally focused on developing proprietary positions in the following technologies: (i) thermoelectric heated and cooled seats; (ii) radar for maneuvering and safety; (iii) voice interactive navigation and entertainment; and (iv) electric vehicle components and production systems.

The Company has substantially completed development of the first generation of IVS-TM-. The IVS-TM- provides spoken-word navigation directions to driver and passengers using an in-vehicle compact audio disc system. To date, the IVS-TM- product has not been commercially successful and likely would require substantial further development before it could be expected to achieve significant sales. The Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. If the Company is unable to consummate such a sale or arrange such a relationship in the near future, the Company plans to discontinue sales and further development of the IVS-TM- and related technology. See "Risk Factors-- Possible Termination of License of Voice Recognition Software Technology."

The Company's other products are in various stages of development. The Company is presently working with three of the world's largest automotive original equipment manufacturers on pre-production development programs for heated and cooled seats. In addition, the Company has sold multiple prototypes of its heated and cooled seats and radar for maneuvering and safety to potential customers for evaluation and demonstration.

The Company was founded on the premise that technology proven for use in the defense and aerospace industries could be successfully adapted to the automotive and transportation industries. Amerigon has focused on technologies that it believes can be readily adapted to automotive needs for advanced vehicle electronics and for electric vehicle systems. The Company seeks to avoid direct competition with established automotive suppliers of commodity products by identifying market opportunities where the need for rapid technological change gives an edge to new market entrants with proprietary products.

The Company has recently determined to focus its resources primarily on developing its heated and cooled seat and radar for maneuvering and safety technologies. The Company has adopted this strategy primarily because the Company believes that the markets for these products have greater near-term potential than the markets for its other products, and because these technologies afford the Company its best opportunities to exploit competitive advantages over rival companies. The Company also would expect continued necessary development and marketing of the Company's voice interactive navigation technologies and electric vehicle systems to entail very high costs, to the point that they would likely exceed the Company's financial resources. Even if the Company were able to overcome this financial challenge, management also believes that the Company might not be able to develop and successfully market the next generation of IVS-TM-, and might not be able to successfully develop and profitably manufacture electric vehicles or their components, without commercial or technical assistance from one or more strategic partners. Accordingly, the Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. If the Company is unable to consummate such a sale or arrange such a relationship in the near future, the Company plans to discontinue sales and further development of the IVS-TM- and related technology. The Company is also presently seeking strategic and financial partners to help support continued development and marketing of the Company's electric vehicle systems. If the Company is unable to arrange such a relationship in the near term, the Company will attempt to sell its proprietary interests

and other assets in and relating to its electric vehicle technology or abandon their development. See "Risk Factors--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses."

The Company has recently experienced serious cash shortfalls. In October 1996, the Company completed the Bridge Financing to enable it to continue operations until the completion of the Offering. A portion of the proceeds of the Offering will be applied to repayment of the Bridge Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Use of Proceeds."

PRODUCTS

CLIMATE CONTROL SEAT SYSTEM

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

The CCS offers several benefits compared to conventional heated car seats. First, the thermoelectric technology provides both heating and cooling. The system also provides environmental benefits because it cools without the use of fluorine-based refrigerants or other liquids. The CCS could be used as the sole source of climate control in certain cars, such as low cost European cars or electric vehicles. Only a portion of the cars sold in Europe come equipped with factory air conditioning because of cost and effect on gas mileage, and the range of electric vehicles is greatly reduced by the large amount of energy required to operate traditional air conditioners. For some consumers, seat-based cooling is expected to be sufficient, while others will prefer it to be augmented with moderate cooling of the ambient air. In either case, there is the potential for significant reductions in energy usage, which would result in greater gas mileage in conventional vehicles and greater range in electric vehicles.

Additional development is needed before the CCS can be commercialized. In particular, a production-engineered design is being modified to make the units less complex, more energy efficient and less expensive to manufacture and install. The Company is also working to reduce fan noise and condensation resulting from operation of the seat in the cooling mode. The Company's initial marketing of the CCS has been to automobile and vehicle seat manufacturers directly. The Company is presently working with three of the world's largest automotive original equipment manufacturers on pre-production development programs for the CCS. However, there can be no assurance that these development programs will lead to commercial production orders.

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

RADAR FOR MANEUVERING AND SAFETY

In January 1994, the Company obtained a non-transferable limited exclusive license from the Regents of the University of California (Lawrence Livermore National Laboratory) to certain "pulse-echo," "ultra-

wideband" radar technology for use in the following three passenger vehicle applications: intelligent cruise control, airbag crash systems, and position sensors. The license requires the Company to achieve commercial sales (defined as sales of non-prototype products to at least one original equipment manufacturer) of products by the end of 1998. Failure to achieve commercial sales will result in the loss of exclusivity of the license with respect to any particular application. See "--Proprietary Rights and Patents." This technology was originally developed as part of a laser fusion program to measure the short bursts of energy emitted during fusion experiments. This type of radar sends out from one to two million short radio impulses every second to a distance of 5 to 10 meters, each lasting a billionth of a second. These short impulses enable the radar to operate across a wider and lower band of radio frequency, making it less likely to suffer from interference from other radar signals, and allowing it to penetrate dirt, snow and ice.

The Company has applied this technology to develop demonstration prototypes of a parking aid and a lane change aid. The parking aid detects a vehicle or other object that reflects radar signals behind the automobile and provides an audible or visual signal as the driver approaches it. The lane change aid detects vehicles to the side of the automobile when the driver attempts to turn or change lanes and emits an audible warning signal. The Company began marketing these radar products in 1994 and has received contracts to design evaluation prototypes from eight automotive manufacturers for both the parking and lane change aids. These products are now under evaluation by customers. The Company's near term objective is to obtain further development agreements from some of these customers to customize the system design during 1997.

Several automotive original equipment manufacturers are now offering ultrasonic or infrared laser distance sensors for parking aids. The Company believes that the advantage of its radar technology is superior performance. Competing products in the automotive industry have utilized ultrasonic and infrared sensors which require line of sight from the sensor to the target and installation with outside lenses. Dirt, ice, rain, fog or snow can obstruct the function of such systems. Although they offer reasonable accuracy at short distances, they are comparatively range-limited and are subject to false trigger problems due to interference with the required line of sight. Amerigon's radar technology, on the other hand, is less susceptible to these environmental conditions, and can even penetrate plastic, allowing it to be mounted inside plastic bumpers or tail light assemblies. Although there is currently considerable interest among automobile manufacturers for various radar products, there is substantial competition from large and well-established companies for these potential product opportunities, including for possible industrial applications. See "--Competition--Radar for Maneuvering and Safety." In addition, considerable research and development will be required to develop the Company's radar technology into finished products, including design and development of application software and antenna systems and production engineering to reduce costs and increase reliability.

INTERACTIVE VOICE SYSTEMS (IVS-TM-)

The IVS-TM- was initially designed to apply voice recognition technology incorporating proprietary features and computer systems to provide an inexpensive and easy-to-use tool for people to receive directions to their destination while driving their vehicle. To date, the IVS-TM- product has not been commercially successful and likely would require substantial further development before it could be expected to achieve significant sales. In 1995, the Company had pre-production orders for approximately 2,000 units. As of December 31, 1996, only approximately 2,700 units have been produced and sold. Although the Company recently received an order for additional units, the Company did not accept such order since the costs associated with filling the order were greater than the revenues to be received as a result of the low volume of units ordered. The Company is presently seeking to sell the IVS-TM- product line and the Company's interests in related technology or to find a strategic or financial partner to help further develop and market the IVS-TM- product. Further development efforts would focus on streamlining data-entry, lowering costs, improving the compatibility of the product with audio compact disc ("CD") units and exploring other applications of the technology. If the Company is not able to sell its interests in the IVS-TM- product line and related technology, or obtain a financial or strategic partner in the near term, the

Company will discontinue sales and further development of IVS-TM- and related technology. See "Risk Factors--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses."

The IVS-TM- provides navigation directions through the car's CD system using actual spoken words stored on the CD through digital compression technology. The car CD system or radio functions normally when the IVS-TM- is not giving or receiving instructions, but can be temporarily interrupted to use the IVS-TM- functions. The IVS-TM- has three components: a small microphone mounted near the sun visor, similar to a cellular phone microphone; an electronic module (approximately two-thirds the size of a standard video cassette tape) that is mounted inside the dashboard, under the seat or in the trunk; and a standard automobile CD player and radio. In most instances, the CD player is modified by its manufacturer to provide additional ports in the back of the unit for connecting to the IVS-TM- electronic module.

The system operates by requesting a starting point and a destination point, each of which must be spelled out, one letter at a time, by the driver or a passenger, and confirmed by the unit. Way-points may include specific street names and addresses, cross-streets or "points of interest" (such as airports, hotels, gas stations, major restaurants, ATMs and tourist attractions.). The IVS-TM- provides step-by-step verbal instructions on how to reach the destination. The IVS-TM- uses a proprietary routing algorithm that selects the most favorable route to a given destination taking into account average highway and street speeds, one way streets and distances.

The operating software and digital map data for the IVS-TM- are stored on a CD that is inserted in the car stereo when the system is in use. The CDs, which contain encrypted maps for various metropolitan areas, are packaged inside the same box with the IVS-TM- hardware. Customers call a toll-free number to access the maps they wish from the selection available on the CDs. Upon payment by credit card for requested metropolitan areas, the customer is provided a code number that unlocks the encrypted maps once the number is spoken into the IVS-TM- unit.

To date the Company has completed encrypted maps for twenty metropolitan areas including Atlanta, Boston, Chicago, Dallas/Ft. Worth, Denver, Detroit, Houston, Indianapolis, Las Vegas, the five counties in Los Angeles, Miami, New York and Northern New Jersey, Orlando, Philadelphia, Phoenix, Sacramento, San Diego, San Francisco, Seattle and Washington D.C./Baltimore. Using map technology licensed from an unrelated third party, the Company does map checking and limited upgrading to make the maps suitable for use with the IVS-TM-.

The Company believes that the IVS-TM- has several advantages over other navigation systems which generally utilize manual keyboards or touch screens to input data, visual map displays for showing locations, and global positioning satellite systems or other expensive sensors for identifying the vehicle's location. The IVS-TM- is not only less costly but simpler and safer to use because it relies solely on verbal instructions, and drivers are not distracted by the need to look at a visual display or manipulate a keyboard or other complicated controls. In addition, competitive navigation systems with visual displays require extensive modification to the interior of a vehicle if the display is to fit in the dashboard, thereby reducing the feasibility of offering the product as a dealer-installed option or aftermarket product.

In December 1995 and January 1996, the Company shipped the first IVS-TM- product to be sold initially to the consumer electronics market. Four manufacturers of automotive CD players (Kenwood, Alpine, Clarion and Fujitsu-Ten Eclipse) have modified certain of their CD player models for compatibility with the IVS-TM-. To date, the IVS-TM- has only been sold to the retail aftermarket.

The Company is exploring voice remote control of certain automotive electrical systems such as, among other things, raising and lowering windows, changing seat positions and changing heating and air conditioning settings. There are additional possible applications of the system using the capability inherent in the basic IVS-TM- system.

The Company has failed to make certain advance royalty payments required by the terms of the governing license agreement for certain voice-recognition software technology used in the IVS-TM-. The

license agreement affords the licensor the opportunity to terminate the agreement under such circumstances. If the licensor were to terminate such license, in order to continue to manufacture and sell the IVS-TM-, the Company would either need to reach an accommodation with such licensor or identify and secure a license to use a substitute software technology, neither of which can be assured. The adaptation of substitute software technology under such circumstances might result in additional development costs to the Company. If the Company were unable to reach an accommodation with the licensor or identify and secure a substitute license, the Company's ability to sell the IVS-TM- product line and the Company's interests in related technology might be impaired.

ELECTRIC VEHICLE SYSTEMS

The Company is seeking financial partners to help fund further research and development of its electric vehicle technology and strategic partners to assist the Company in manufacturing and distribution. If the Company is not able to obtain such financial or strategic partners, the Company will abandon further development of its electric vehicle technology or attempt to sell its proprietary interests and other assets in and relating thereto. The Company is the recipient of certain federal and state government grants relating to the development of the Company's electric vehicle products. Any failure to complete the development work contemplated by such grants that may be occasioned by the Company's abandonment of its electric vehicle business may have an adverse effect on the Company, including the loss of revenues from such grants or the inability to collect related receivables. See "Risk Factors--Possible Disposition or Abandonment of Electric Vehicle and IVS-TM- Product Businesses."

By developing its own products and managing programs related to electric vehicles (such as the Showcase Electric Vehicle Program and the Running Chassis Program), the Company has developed a base of knowledge and expertise concerning electric vehicles. The Company's experience has included the ground-up design of electric vehicles and testing and integration of state of the art components being made available for electric vehicles by other companies. The Company's electric vehicle systems program is presently focused on two main fronts. The first comprises the development and production of electric vehicles, principally for developing country markets. The Company hopes to implement this initiative in the near-term through a proposed joint venture project in India (see "--Electric Vehicles"). The Company's other main electric vehicle undertaking would center on the marketing and distribution of its Energy Management System (see "--Energy Management System").

ELECTRIC VEHICLES. The Company has nearly completed a contract for approximately $9.6 million to develop approximately fifty aluminum-chassis passenger electric vehicle systems for an Asian manufacturing company. The electric vehicles produced under this contract include two of the Company's other proprietary products, the CCS and the Energy Management System.

In its results for the nine months ended September 30, 1996, the Company reported cost overruns on this contract that resulted in the Company recording charges to operations for the ultimate estimated loss at completion of the contract of approximately $1,625,000. During 1996, the Company experienced a number of unanticipated design and development problems in the course of its performance under this contract. It became necessary to significantly modify the design of the interior of the electric vehicles to correct design deficiencies. The delay caused by this redesign had a number of deleterious side-effects. A number of employees had to be re-assigned to new jobs which resulted in additional work hours. Orders already given to vendors for tooling and parts had to be cancelled or delayed. As a result of these delays, some of the vendors that had been selected for critical parts took on large projects for other companies and were thereafter no longer available to supply the Company on a timely basis. Additional costs and delays were incurred in re-negotiating several large, complex supply contracts. Finally, due to the delays and the short time left to complete tooling and parts, orders had to be rushed, causing significantly higher costs for tooling, parts and freight. The Company also experienced problems with certain products supplied by vendors. These problems required additional attention by engineers, re-work of tooling and

parts, and in some cases required the engagement of alternate suppliers. The Company may continue to experience cost overruns on this contract due to these unanticipated design and development problems.

In February 1996, the Company entered into a memorandum of understanding (which by its original terms expired on August 29, 1996 but which has been extended until February 28, 1997) with a strategic partner to enter into a proposed joint venture in India to develop, market and/or manufacture electric vehicles. The terms of the joint venture call for the Company to contribute cash in the approximate amount of $2.2 million as well as the design and certain tooling for production of the electric vehicles to the joint venture in exchange for a minority equity stake. The Company presently lacks the capital to make such a financial contribution to the joint venture entity, and currently does not propose to apply any of the net proceeds of the Offering for such purpose. Accordingly, unless the terms of the joint venture were to be revised so as to eliminate or substantially reduce the Company's required capital contribution, or unless the Company can find a new or additional joint venture partner, the Company would be unable to participate in the proposed joint venture on its original terms. See "Risk Factors--Lack of Capital to Fund Proposed Electric Vehicle Joint Venture; Strategy Untested; Write-off of Capitalized Expenses in 1996 Fourth Quarter." The Company believes that a joint venture with the same strategic partner on similar terms remains possible, although there can be no assurance it will be consummated.

The proposed joint venture calls for the Company to produce approximately 60 electric mini-cars in ready-to-assemble kits for assembly in India. The proposed Indian co-venturer would have been expected to build the manufacturing capability for full-scale production. In anticipation of the formation of the Indian joint venture, the Company has begun prototype development work on a mini-car called the "REVA," designed principally for the Indian market. The Company has produced five fully-functional REVA prototypes.

The Company intends to focus its electric vehicle development activity on vehicles intended for use in developing Asian countries. The Company believes that there may be considerable demand for low cost electric vehicles in these markets. For example, in India, auto capacity is currently estimated at 300,000, which is comparatively small when measured against India's 20 million household middle class population. Less than 20% of these households own cars; more than 50% own motorcycles. As a result, in India there is a growing demand for vehicles and a large unfilled backlog of orders. Because of this backlog, Indian consumers typically must put down a 10% cash deposit for a car and often have to wait for up to a year or more for delivery. In India, most cars sell for $7,500 or more and are expensive to operate due to the limited availability of gas and high costs of maintenance. The REVA is designed to be priced at less than $6,000 and to be relatively inexpensive to operate due to the availability of electricity for re-charging batteries in most households and the minimal number of parts compared to gas-powered cars. If the proposed Indian joint venture were to go forward successfully, the Company might search for similar opportunities in other developing countries. The Company has no present plans to try to sell its electric vehicles in the United States.

ENERGY MANAGEMENT SYSTEM. The Company's "Energy Management System" is a proprietary computer-based system under development by the Company for electric vehicles. The Energy Management System has two functions. First, it optimizes battery charging and use based on the age and condition of the battery to maximize vehicle range and extend battery life. The second function is to automatically adjust the operation of the systems of an electric vehicle to improve performance. For example, if the vehicle air conditioner is running, the system can momentarily turn it down during acceleration so that additional energy is available for propelling the vehicle. The system can also predict available range for typical freeway, city or mountain driving, and whether specific trips are possible (such as a commute to work or a trip to the grocery store). These features of the Energy Management System are important in electric vehicle applications because the range of electric vehicles initially will be limited to approximately 60 to 120 miles between charges, and because the frequency of battery replacement will be more important in determining the cost of operating an electric vehicle than the cost of the electricity necessary to recharge the battery.

The Energy Management System consists of two components: first, a custom-developed printed circuit board with a micro-processor computer chip and other standard, commercially available computer components, that serves as the "brain" of the system; and second, custom-developed sensors installed on each of the vehicle's batteries to provide information concerning the batteries' status. Optimal decisions are either implemented automatically by the system or communicated to the driver through a text display in the instrument panel. The Company has completed initial research and development of prototype Energy Management Systems and is installing units in the electric vehicles it assembles under development orders and in prototypes for the proposed Indian joint venture.

The Company intends to try to market the Energy Management System by licensing its technology to other companies making electric vehicles. See "--Proprietary Rights and Patents." However, the system requires customization for the particular electric vehicle it is to control, including modification of the software, and requires extensive integration into the vehicle since it must connect with various other systems, receive sensor inputs from throughout the vehicle, and communicate with a visual display in the instrument panel. Because of these integration requirements, the Company or its licensees would need to undertake significant application engineering to adapt this product for each electric vehicle model. Furthermore, because development of the electric vehicle industry is subject to numerous uncertainties, the Company cannot predict whether there would ever be commercial sales of its system. Substantial additional investments in development of this product would be based upon customer interest as the electric vehicle market develops.

MARKETING AND SALES

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

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

The Company's CCS, radar products and IVS-TM-, all of which are derived from technologies used in the aerospace or defense industries, are designed primarily to be applied to new gasoline-powered vehicles, with possible aftermarket application to existing gasoline-powered vehicles. The energy management system and the electric vehicle systems are uniquely designed for application to electric vehicles.

PROPRIETARY RIGHTS AND PATENTS

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

The Company has adopted a policy of seeking to obtain, where practical, the exclusive rights to use technology related to its products through patents or licenses for proprietary technologies or processes. The Company currently has several license arrangements, two patents and several pending patent applications relating to the technologies used in the Company's business, as described below.

CCS

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

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

RADAR FOR MANEUVERING AND SAFETY

Pursuant to a License Agreement between the Company and the Regents (the "Regents") of the University of California (Lawrence Livermore National Laboratory), the Regents have granted to the Company a limited, exclusive license to use certain technology covered by patents held by the Regents in the following three passenger vehicle applications: intelligent cruise control, air bag crash systems, and position sensors. This license requires the Company to achieve commercial sales of products by the end of 1998. Commercial sales are defined as sales of non-prototype products to at least one original equipment manufacturer. Failure to achieve commercial sales for a particular application will result in the loss of exclusivity of the license for that application, in which event the licensor will have the right to grant other entities a non-exclusive license for that application at terms no more favorable than those enjoyed by the Company. The license expires on January 14, 2014 (the date of expiration of the last-to-expire patent for the technology covered by the license). As the patents covering the licensed technology expire, products made by the Company using such technology (and only such technology) will cease to be subject to any further royalty obligations under the license.

IVS-TM-

The Company has licensed rights to intellectual property comprising the IVS-TM- technology pursuant to three different license agreements. The Company has a worldwide non-exclusive license from Lernout & Hauspie Speech Products N.V. to use certain interactive software and related documentation used in the voice recognition technology incorporated in the IVS-TM- product. This license may be terminated by either party upon a material breach of the agreement by the other party that remains uncured after a certain grace period. The Company has failed to make certain advance royalty payments required by the terms of this license agreement, and the applicable grace period has expired. As of the date hereof, the Company

has not received any notification that the licensor is terminating this license. However, no assurance can be given that the licensor will not terminate this license in the future. See "Products--Interactive Voice Systems (IVS-TM-)."

The Company also has a non-exclusive license to produce, distribute and/or sell copies of a navigation database, the rights to which are owned by Navigation Technologies Corporation ("NavTech"). This license expires on December 31, 2001 but may be renewed at the Company's option for subsequent five-year periods (which renewal option is subject to termination by NavTech).

In May, 1996, the Company entered into an agreement (the "Settlement Agreement") with ANS and certain other parties pursuant to which the Company settled certain disputes it had with such parties relating to certain technology used or useful in the Company's IVS-TM- product. Under the Settlement Agreement, ANS granted the Company a worldwide non-exclusive, royalty-bearing license to make and sell products incorporating certain voice-interface vehicle navigation technology and technology for recognizing spoken words in which ANS has proprietary rights. The Settlement Agreement also provides that the Company has exclusive rights to the IVS-TM- trademark. The Company granted ANS a worldwide non-exclusive, royalty-bearing license to make and sell products incorporating certain improvements made by the Company to the voice-interface system and the word recognition technology. These products could compete directly with the Company's IVS-TM- product and could be introduced by ANS as early as 1997. See "Risk Factors--Lack of Exclusive Licenses on IVS-TM- and Heated and Cooled Seats; Potential Loss of Exclusivity of License on Radar for Maneuvering and Safety."

The Company has copyrights on several materials used in connection with its IVS-TM- product, including map discs for various geographical regions to be used with the navigator software (which copyrights are jointly owned with NavTech and ANS), as well as navigator installation and user guides for use with certain in-dash compact disc components manufactured by Kenwood, Eclipse, Clarion and Alpine (which copyrights are jointly owned with ANS).

ELECTRIC VEHICLE SYSTEMS

The Company was recently issued a patent on a key function of the Energy Management System and has applied for additional patents relating to such system. The Company believes that those elements of the Energy Management System not covered by the patent are protected as trade secrets.

GENERAL

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

The Company's potential products may conflict with patents that have been or may be granted to competitors or others. Such other persons could bring legal actions against the Company claiming damages and seeking to enjoin manufacturing and marketing of the affected products. Any such litigation could result in substantial cost to the Company and diversion of effort by the Company's management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that the Company would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure to obtain

needed patents, licenses or proprietary information held by others may have a material adverse effect on the Company's business. In addition, if the Company becomes involved in litigation, it could consume a substantial portion of the Company's time and resources. However, the Company has not received any notice that its products infringe on the proprietary rights of third parties.

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

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

COMPETITION

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

CCS

The Company is not aware of any competitors that are offering systems for both heating and cooling automotive car seats, although substantial competition exists for the supply of heated-only seats. It is possible that competitors will be able to expand or modify their current products by adding a cooling function to their seats based upon a technology not covered by patented technology licensed to the Company, or by licensing rights to these patents from the inventor. The CCS competes indirectly with alternative methods of providing passenger climate control in a vehicle such as heating and air conditioning systems, which are currently available for almost all vehicles. The Company hopes to develop a market niche for this product initially as a luxury in conventional gasoline-powered cars in Europe, where gasoline prices are relatively high, as well as in electric vehicles which, due to their reliance on batteries, could

benefit from a less energy intensive source of climate control. The Company is aware that a Japanese patent has been applied for by another entity on technology similar to the CCS technology.

RADAR FOR MANEUVERING AND SAFETY

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

IVS-TM-

The Company is aware that there are 20 or more competitors developing car-based navigation systems, and is aware of at least 13 companies that have systems that are very advanced in the development cycle, including systems from Blaupunkt-werk GmbH, Bosch Electronics, Clarion Corporation of America, Motorola Incorporated, Sanyo Fisher USA Corp., Siemens Automotive LP, Sony Electronics, Phillips Electronics, Pioneer Electronic Corp. and General Motors Corporation. Several of these competitors have achieved significant sales of their systems in Japan and Europe, and recently have introduced their product in the United States or are planning to introduce their product in the United States. Many of these competitors have established relationships with automobile manufacturers. The Company expects that new competitors will enter the market once United States sales are established. All the competitive systems of which the Company is currently aware of utilize visual displays and, unlike the Company's IVS-TM-, most of them rely on global positioning satellite systems to identify the location of the vehicle. While these features of competitive navigation systems may enhance consumer acceptance of the systems, they are more costly than the Company's system.

Under the Settlement Agreement with ANS, ANS will have rights which will allow it to make and sell products incorporating certain improvements made by the Company to the IVS-TM- technology. These products could compete directly with the Company's IVS-TM- product and could be introduced by ANS as early as 1997. ANS does not at this time have a product for commercial sale. The Company is not aware of any other competitor that has offered a voice recognition system for identifying the vehicle location or desired destination, although at least two competitors use a voice recognition system to allow drivers to control some of the functions of the system, such as the movement of the map or the visual display, and several competitors use speech output, but not input, systems to provide verbal directions to the destination.

ELECTRIC VEHICLE SYSTEMS

ELECTRIC VEHICLES. The potential market for electric vehicles and electric vehicle systems, when and if it develops into a significant commercial market, is expected to attract many of the domestic and international automobile manufacturers. Currently, many automobile manufacturers are doing development work on electric vehicles, and some have announced plans to enter the commercial market. General Motors Corporation has recently introduced a production electric vehicle that is now available for lease in the United States.

The Company has experience in the design and prototyping of Electric Vehicle Systems which it believes provides certain niche market opportunities. The Company believes such a niche now exists in developing Asian countries. Accordingly, the Company initially intends to sell its Electric Vehicle Systems in selected Asian markets where competition at this time is from a limited number of higher priced gasoline-powered cars. The emergence of a significant market, if such emergence occurs, will cause other

competitors to enter the market, all of which may have far greater depth of technical, manufacturing, and marketing resources than does the Company. The Company does not intend to enter the U.S. market at this time.

ENERGY MANAGEMENT SYSTEM. The Company is aware of one competitor, Hughes Power Control Systems, which is developing and offering a product which competes directly with the Energy Management System. The Company is also aware of several automobile manufacturers that plan to incorporate the function of the Energy Management System into electronic modules currently manufactured or which may be manufactured in the future.

EMPLOYEES

As of January 24, 1997, the Company had 55 employees. Approximately 5 of the Company's employees, or about 9% of the Company's personnel, are covered under a collective bargaining agreement. The Company considers its employee relations to be satisfactory.

PROPERTIES

The Company maintains its corporate headquarters and research and development facilities in sub-leased space in a Monrovia, California industrial park. The Company has exercised an option to extend the sub-lease until July 31, 1997, after which the sublessor's master lease expires and the Company will have to relocate its facilities. The current monthly rent under the sub-lease is approximately $24,000. The Company believes that adequate alternative space is available in the immediate area at comparable rates. The Company also leases manufacturing and office space in Alameda, California on a month-to-month basis. The monthly rent for this space is approximately $5,700. The Company believes that its facilities are adequate for its present needs and projected needs for the immediate future.

LEGAL PROCEEDINGS

HBI and DDJ have threatened various claims against the Company and its directors and officers arising out of the December 1995 private placement by the Company of 750,000 shares of Class A Common Stock. In general, they allege that the Company provided misleading projections and failed to disclose certain information in connection with such private placement. The Company believes these allegations to be without merit. While, to the Company's knowledge, HBI and DDJ have commenced no legal action against the Company in connection with such claims, no assurance can be given that they will not do so in the future. If they were to commence such legal action, the Company would be forced to defend such action and/or settle with them, the costs of which defense and/or any resulting liability or settlement could have a material adverse effect on the Company's financial condition. John W. Clark, a director of the Company, is a general partner of an affiliate of HBI.

On November 14, 1996, Gibbins Pattern & Plastic, Inc. ("Gibbins"), a supplier to the Company, filed suit against the Company in Michigan state court in the circuit court for the County of Wayne, Michigan for breach of contract, open account/account stated, and unjust enrichment/quantum meruit. Gibbins alleges that the Company has failed to pay for delivered products. The Company has withheld certain payments because Gibbins has failed to provide the Company with assurance of future performance. Gibbins has claimed a total of $231,548 in damages. The Company has removed the lawsuit to the federal district court for the Eastern District of Michigan and asserted certain counterclaims against Gibbins. The Company intends to defend the matter vigorously and believes that the lawsuit will not have a material adverse effect on the Company.

DIRECTORS AND OFFICERS

The directors and officers of the Company are as follows:

NAME	AGE	POSITION
Lon E. Bell, Ph.D.	56	President, Chief Executive Officer, and Chairman of the Board
Daniel R. Coker	44	Vice President of Sales and Marketing
R. John Hamman, Jr.	55	Vice President of Finance and Chief Financial Officer
James L. Mertes	44	Vice President of Operations and Quality
Joshua M. Newman	38	Vice President of Corporate Development and Planning, Secretary and Director
Roy A. Anderson	76	Director
Roger E. Batzel	75	Director
John W. Clark	51	Director
A. Stephens Hutchcraft, Jr.	66	Director
Michael R. Peevey	58	Director
Norman R. Prouty, Jr.	58	Director

Dr. Lon E. Bell has been the President, Chief Executive Officer and Chairman of the Board of the Company since its formation in April 1991. Dr. Bell co-founded Technar Incorporated with Dr. Allen Gillespie and Mr. Robert Diller, Amerigon's Chief Engineer, in 1967, which developed and manufactured automotive components, and served as its Chairman and President until selling majority ownership of Technar to TRW Inc. in 1986. Dr. Bell continued managing Technar as its President until 1991, when he left to form the Company. Dr. Bell received his undergraduate degree in mathematics from the California Institute of Technology in 1962, where he also was granted a master's degree in rocket propulsion in 1963 and a Ph.D. in mechanical engineering in 1968.

Daniel R. Coker joined the Company as Vice President of Sales and Marketing in March, 1996. Previously, he worked with Arvin, Inc., a tire pressure sensor manufacturer, from 1986 through 1995 as Vice President and General Manager of North American Operations. Mr. Coker received his BS degree from Tennessee Technological University in 1974.

R. John Hamman, Jr. joined the Company in August, 1995 as Vice President of Finance and Chief Financial Officer. From 1986 to 1994, he was Vice President of Finance for Amcare, Inc., a provider of pharmaceutical drugs and supplies to long-term care facilities. Mr. Hamman received his BS degree from Denison University and an MBA degree from Northwestern University, and is a CPA.

James L. Mertes joined the Company in 1993 as Vice President of Quality and was promoted to Vice President of Operations and Quality in 1994. Immediately prior to joining the Company, Mr. Mertes was Director of Quality at TRW Sensor Operations, a unit of TRW Inc., for two years.

Joshua M. Newman joined the Company in March 1992 as Vice President of Corporate Development and Planning, and became a Director in April 1993. Prior to joining the Company, Mr. Newman worked as a management consultant, first for the Boston Consulting Group from 1988 through December 1990, and then as an independent electric vehicle consultant until joining the Company. Mr. Newman received his undergraduate degree in history from the University of California at Davis in 1981 and an MBA from Harvard University in 1988.

Roy A. Anderson has been a Director of the Company since the closing of the Company's initial public offering. Mr. Anderson is Chairman Emeritus of Lockheed Corporation. He served as Chairman of the Board and Chief Executive Officer of Lockheed from 1977 until his retirement on December 31, 1985. He remained on Lockheed's board of directors until December 31, 1990, and also served as a consultant to that company until December 31, 1992. Mr. Anderson is a member of the boards of the Los Angeles Music Center, the Greater Los Angeles United Way, and the Los Angeles World Affairs Council. He is Chairman and Chief Executive Officer of the Weingart Foundation and Co-Chairman of the Select Panel of Project California.

Roger E. Batzel has been a Director of the Company since the closing of the Company's initial public offering. In April 1988, he retired after 16 years as Director of Lawrence Livermore National Laboratory and became Director Emeritus. From March 1, 1988 to the present, Mr. Batzel has been a scientist at Lawrence Livermore National Laboratory, serving initially as associate director at large, and then as a consultant, and beginning in 1991 as a laboratory associate.

John W. Clark has been a Director of the Company since July 1996. Since May 1995, Mr. Clark has been a General Partner of Westar Capital Associates, a private equity investment company. From 1990 to May 1995, he was a private investor. Prior to 1990, Mr. Clark was President of Valentec International Corporation, a producer of metal and electronic components for military and commercial products. Mr. Clark serves as a director for All Post, Inc., Dogloo, Inc., and Scripps Clinic MSO, Inc.

A. Stephens Hutchcraft, Jr. has been a Director of the Company since the closing of the Company's initial public offering. From December 1992 through December 1993, Mr. Hutchcraft served as Chairman and Chief Executive Officer of Kaiser Aluminum & Chemical Corporation, and served as its President from 1982 to May 1993. He has been a Director of that Company since 1982.

Michael R. Peevey has been a Director of the Company since the closing of the Company's initial public offering. From October 1990 until he retired in March 1993, Mr. Peevey was President of Southern California Edison and SCE Corporation. Prior thereto, he was Executive Vice President of such entities since January 1986. Mr. Peevey has been President and Chief Executive Officer of New Energy Partners since March 1995. Mr. Peevey serves as a Director of ElectroRent Corporation, Dames & Moore, Inc. and Ocal, Inc.

Norman R. Prouty has been a Director of the Company since the closing of the Company's initial public offering. Mr. Prouty was a general partner of the investment banking firm of Lazard Freres & Co., from 1990 to 1993 and a limited partner during 1994. The firm subsequently became a limited liability company and Mr. Prouty was a Limited Managing Director during 1995 until his retirement on December 31, 1995. Since January 1996, Mr. Prouty has been a private investor. Previously, Mr. Prouty was a Vice President and Senior Credit Officer of Citibank, N.A. where he was engaged in domestic and international banking for approximately 20 years.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Company's Articles of Incorporation limit the liability of its directors. As permitted by the California General Corporation Law, directors will not be liable to the Company for monetary damages arising from a breach of their fiduciary duty as directors in certain circumstances. Such limitation does not affect liability for any breach of a director's duty to the Company or its shareholders (i) with respect to approval by the director of any transaction from which he derives an improper personal benefit, (ii) with respect to acts or omissions involving an absence of good faith, that he believes to be contrary to the best interests of the Company or its shareholders, that involve intentional misconduct or a knowing and culpable violation of law, that constitute an unexcused pattern of inattention that amounts to an abdication of his duty to the Company or its shareholders, or that show a reckless disregard for his duty to the Company or its shareholders in circumstances in which he was or should have been aware, in the ordinary course of performing his duties, of a risk of serious injury to the Company or its shareholders, or (iii) based on transactions between the Company and its directors or another corporation with interrelated directors

or on improper distributions, loans or guarantees under applicable sections of the California General Corporation Law. Such limitation of liability also does not affect the availability of equitable remedies such as injunctive relief or rescission.

The Company's Bylaws provide that the Company shall indemnify its directors and officers to the full extent permitted by California law, including circumstances in which indemnification is otherwise discretionary under California law, and the Company has entered into indemnity agreements with its directors and officers providing such indemnity.

CERTAIN TRANSACTIONS

Lon E. Bell, Ph.D., Chief Executive Officer, President and Chairman of the Board of Directors, founder of the Company and a principal shareholder of the Company, co-founded CALSTART (a non-profit consortium of companies engaged in the development and manufacture of products that benefit the environment) in 1992, served as its interim President, and for the last three years has served on its Board of Directors and been a member of its Executive Committee.

The Company leased space from CALSTART from June 1992 until April 1994 at no charge, at which time the Company moved to its current facility. On April 1, 1996, the Company signed a lease with CALSTART for a 24,000 square foot manufacturing and office facility located in Alameda, California for a term beginning November 15, 1995 and ending December 31, 1996 for an advance payment of $450,000 and approximately $11,500 per month. The Company presently leases approximately half of such space on a month to month basis for approximately $5,700 per month. The Company believes the terms of such lease are at least as favorable to the Company as those that could have been obtained from unaffiliated third parties.

The Company managed the Showcase Program, co-managed the Neighborhood Electric Vehicle Program, and currently manages three other electric vehicle programs for CALSTART, for which the Company recognized revenues of $679,000 from CALSTART in 1992, $1,649,000 in 1993, $802,000 in 1994, and $2,198,000 in 1995. Such amounts represent reimbursement of expenses incurred by the Company in managing the Showcase Program in 1992, for four programs in 1993, for three programs in 1994, and for four programs in 1995.

In March 1993, Dr. Bell granted to Mr. Newman options to purchase 354,485 shares of Class A Common Stock owned by Dr. Bell, of which a portion relate to Dr. Bell's Escrow Shares. Of the options covering such 354,485 shares, options to purchase 27,337 shares were cancelled, and Mr. Newman has exercised options to purchase 60,000 shares. Of Mr. Newman's remaining options from Dr. Bell, options on 21,787 shares are fully vested and options on 245,361 shares vest only at such time, if ever, as such Escrow Shares are released as Class A Common Stock from escrow. The exercise price is $1.15 per share and the options expire March 31, 2003.

In May 1993, Dr. Bell granted options to purchase 10,000 shares of his Class A Common Stock each to Directors Messrs. Anderson, Batzel, Hutchcraft, Peevey and Prouty. Of the 50,000 options, 12,500 (or 2,500 options per director) are fully vested and the balance will vest at such time, if ever, as the Escrow Shares are released as Class A Common Stock from the escrow. The exercise price is $6.00 per share and the options expire in 1999.

In August 1995, Dr. Bell granted options to purchase 10,000 shares of his Class A Common Stock to Mr. Hamman at $12.00 per share of which 2,500 became vested in August 1996 and the remaining 7,500 options will vest at such time, if ever, as the Escrow Shares are released as Class A Common Stock from escrow. Such options expire in August 2000.

In March 1996, Dr. Bell granted options to purchase 5,000 shares of his Class A Common Stock to Mr. Coker. Of the 5,000 options, 1,250 will vest in March of 1997 and the balance will vest at such time, if ever, as the Escrow Shares are released as Class A Common Stock from the escrow. The exercise price is $10.38 per share and the options expire in March 2001.

In September 1996, Dr. Bell extended a $200,000 working capital loan to the Company. The loan bears interest at 8% per annum and is payable on demand. In January 1997, Dr. Bell extended an additional $100,000 working capital loan to the Company, which loan bears interest at 10% per annum and is payable on the earlier of March 1, 1997 or the day after the Offering is completed. A portion of the proceeds of the Offering will be used to pay interest and principal on such working capital loans. See "Use of Proceeds."

In the event that the Company goes forward with its proposed joint venture project in India, the Company and its potential joint venture partner intend to grant Mr. Prouty options to purchase an equity interest in the joint venture entity if Mr. Prouty is able to arrange financing for the project from third party investors.

The Company periodically engages Adaptrans, an entity owned by David Bell, Dr. Bell's son, for engineering design services. Such services primarily involve assistance in the development and refinement of the Energy Management System. Adaptrans is engaged only on an "as needed" basis and the Company pays approximately $8,000 per month for such services. Through December 31, 1996, the Company had paid Adaptrans a total of $159,000 for such services. The Company believes the terms of its engagement of Adaptrans are at least as favorable to the Company as those that could have been obtained from unaffiliated third parties.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Class A Common Stock as of December 31, 1996 by (i) each person who is known by the Company to own beneficially more than 5% of the Company's outstanding Class A Common Stock; (ii) each of the Company's directors and nominees; (iii) each of the named executive officers identified in the Company's Proxy Statement dated June 17, 1996 and (iv) all executive officers and directors of the Company as a group:

NAME AND ADDRESS(1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS	
		BEFORE OFFERING	AFTER OFFERING
Lon E. Bell(2)(3)(4)	3,451,938	48.8%	29.2%
Joshua M. Newman(4)(5)	21,787	*	*
Roy A. Anderson(4)(6)(7)	42,500	*	*
Roger E. Batzel(4)(6)(7)	42,500	*	*
John W. Clark	12,500	*	*
A. Stephens Hutchcraft, Jr.(4)(6)(7)	42,500	*	*
Michael R. Peevey(4)(6)(7)	42,500	*	*
Norman R. Prouty(4)(6)(7)	42,500	*	*
DDJ Capital Management, LLC	560,000	7.9%	4.7%
All executive officers and directors as a group (9 persons)(2)(3)(4)(7)	3,668,709	50.4%	30.5%

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* Less than 1%.

(1) For all shareholders other than DDJ Capital Management, LLC, the address is c/o the Company, 404 E. Huntington Drive, Monrovia, CA 91016. The address for DDJ Capital Management, LLC is 141 Linden Street, Suite 4, Wellesley, MA 02181.

(2) 2,592,903 of the shares are held in Escrow. See "Escrow Shares" below.

(3) By virtue of the number of shares of stock owned by Dr. Lon Bell, and his position as an officer, director and founder of the Company, he is deemed the "parent" of the Company within the meaning of the rules and regulations promulgated under the Securities Act of 1933 (the "Act"). Dr. Bell has transferred by gift and sale an aggregate of 26,666 shares to each of three trusts, for which he and his spouse are co-trustees, created for the benefit of his children. Such shares total 79,998 and are included in Dr. Bell's beneficial ownership in the above table.

(4) Of these shares, Dr. Bell has granted the following options to purchase shares of his Class A Common Stock: 267,148 shares to Joshua Newman; 10,000 shares to R. John Hamman, Jr.; 411,072 shares to other employees and consultants; and 10,000 shares each to Messrs. Anderson, Batzel, Hutchcraft, Peevey and Prouty. Of the total options outstanding, options to purchase 349,795 shares of Class A Common Stock relate to Dr. Bell's Escrow Shares and are exercisable only at such time, if ever, as the Escrow Shares are released as Class A Common Stock from Escrow, and the remaining options do not relate to Escrow Shares. All of the 738,220 shares issuable upon the exercise of these options are included in Dr. Bell's beneficial ownership in the above table.

(5) Includes 21,787 shares issuable upon exercise of options granted by Dr. Bell, which have vested to date. Does not include 245,361 shares issuable upon the exercise of options to purchase Dr. Bell's Escrow Shares, which vest only at such time, if ever, as the Escrow Shares are released from Escrow.

(6) Includes, as to each of Messrs. Anderson, Batzel, Hutchcraft, Peevey and Prouty, 2,500 shares issuable upon the exercise of options granted by Dr. Bell. Does not include, as to each person, 7,500 shares

issuable upon the exercise of options to purchase Dr. Bell's Escrow Shares, which vest only at such time, if ever, as the Escrow Shares are released from Escrow.

(7) Includes, as to each of Messrs. Anderson, Batzel, Hutchcraft, Peevey and Prouty, 40,000 shares issuable upon exercise of options granted under the Company's 1993 Stock Option Plan.

ESCROW SHARES

In order to incent management of the Company to achieve certain stock price and income targets, and as a condition of the Company's Initial Public Offering ("IPO") in June 1993, the Company's then existing shareholders (the "Original Shareholders") placed 3,000,000 shares (the "Escrow Shares") of the Company's Class A Common Stock into escrow pursuant to an agreement (the "Escrow Agreement") by and among the Original Shareholders, the Company, and the escrow agent. The Escrow Shares will automatically be released from escrow to the Original Shareholders upon satisfaction of certain conditions with respect to 1,000,000 shares, referred to as "Escrow Target I," and upon satisfaction of certain other conditions with respect to an additional 2,000,000 shares, referred to as "Escrow Target II." The Escrow Agreement will terminate upon the earlier of the release of all the Escrow Shares or April 30, 1999 (the "Escrow Period"). During the Escrow Period, the Original Shareholders may vote, but may not transfer, the Escrow Shares; however, options for Escrow Shares may be granted. The conditions for release of the Escrow Shares are as follows:

(a) Escrow Target I: 1,000,000 of the Escrow Shares will be released in the event that the Company's Minimum Pretax Income (as defined below) for any of the fiscal years ending December 31, 1996, 1997 and 1998 equals or exceeds the following amounts, after giving effect to the issuance of the Class A Common Stock offered hereby and the exercise of warrants presently outstanding and the Class A Warrants to be issued in connection with the Offering:

FISCAL YEAR ENDING	PRO FORMA AFTER THE OFFERING	PRO FORMA AFTER THE OFFERING AND EXERCISE OF WARRANTS
	(IN THOUSANDS)	
December 31, 1996	$ 9,592	$ 15,752
December 31, 1997	14,388	23,628
December 31, 1998	19,183	31,503

(b) Escrow Target II: The remaining 2,000,000 Shares held in Escrow will be released in the event that the Company's Minimum Pretax Income (as defined below) for any of the fiscal years ending December 31, 1996, 1997 and 1998 equals or exceeds the following amounts, after giving effect to the issuance of the Class A Common Stock offered hereby and the exercise of warrants presently outstanding and the Class A Warrants to be issued in connection with the Offering:

FISCAL YEAR ENDING	PRO FORMA AFTER THE OFFERING	PRO FORMA AFTER THE OFFERING AND EXERCISE OF WARRANTS
	(IN THOUSANDS)	
December 31, 1996	$ 17,265	$ 28,353
December 31, 1997	23,020	37,804
December 31, 1998	28,775	47,255

"Minimum Pretax Income" means for any fiscal year the Company's net income before provision for income taxes and exclusive of (i) any extraordinary items, (ii) charges to income resulting from the release of the Escrow Shares or (iii) charges to income resulting from options granted by Dr. Bell or of options granted under the Company's 1993 Stock Option Plan, as reflected in the Company's audited financial statements. The Escrow Agreement provides that the minimum pretax income conditions in Escrow

Target I and Escrow Target II be adjusted for any issuance of Class A Common Stock after the IPO other than stock issued upon the exercise of the underwriter's over-allotment option granted in connection with the IPO, underwriter's warrants granted in connection with the IPO or options under the 1993 Stock Option Plan.

The escrow targets set forth above were determined by negotiation between the Company and the underwriter of the IPO and should not be construed to imply or predict any future earnings by the Company or any increase in the market price of its securities.

On April 30, 1999, all shares that have not been released from escrow will automatically be exchanged for shares of Class B Common Stock, which will then be released from escrow. The Class B Common Stock is neither transferable nor convertible and its rights with respect to dividends and liquidation distributions are inferior to those of the Class A Common Stock. See "Description of Securities--Common Stock." Therefore, the Class B Common Stock has limited economic value. Any money, securities, rights or property distributed in respect of the Escrow Shares, including any property distributed as dividends or pursuant to any stock split, merger, recapitalization, dissolution, or total or partial liquidation of the Company, shall be held in escrow until release of the Escrow Shares. Any dividends or other distributions made with respect to Escrow Shares for which the relevant earnings levels have not been reached within the Escrow Period will be forfeited and contributed to the capital of the Company on April 30, 1999.

The Company expects that the release, if any, of the Escrow Shares will be deemed compensatory and, accordingly, will result in substantial charges to earnings equal to the fair market value of the Escrow Shares as of the date on which they are released. Such charges could substantially increase the loss or reduce or eliminate the Company's net income for financial reporting purposes for the periods in which the Escrow Shares are released or are probable of being released. Although the amount of compensation expense recognized by the Company will not affect total stockholders' equity, it may have a negative effect on the market price of the Company's securities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Pursuant to the terms of a shareholders agreement among the Original Shareholders, if Class B Common Stock is issued at the end of the Escrow Period, and if any such shareholder, or the beneficiary of the trust which is the shareholder, is not or ceases to be an employee, director or consultant of the Company, then all of his shares of Class B Common Stock will be forfeited and contributed to the capital of the Company by the shareholder for no additional consideration. Furthermore, the agreement provides that Class B Common Stock may be forfeited by each shareholder in order to ensure that each shareholder will hold no more than one share of Class B Common Stock for each share of Class A Common Stock held by such shareholder, if only Escrow Target I has been met (after giving effect to the release of one-third of the Escrow Shares to such shareholder), or no more than three shares of Class B Common Stock for each share of Class A Common Stock held by such shareholder, if neither target is met.

The following table sets forth the number of Escrow Shares owned by all original shareholders of the Company:

Dr. Bell	2,592,903
Allen Gillespie	218,100
Robert Diller	129,000
Trusts for the benefit of Dr. Bell's children	59,997
	3,000,000

SUBSEQUENT OFFERING

The Company has agreed to register, subsequent to the Offering, an additional 1,620,000 Class A Warrants (the "Selling Securityholder Warrants") for sale by the holders thereof (the "Selling Securityholders") and 1,620,000 shares of Class A Common Stock (the "Selling Securityholder Stock") underlying the Selling Securityholder Warrants, all for resale from time to time by the Selling Securityholders subject to the restrictions described below. The Selling Securityholders will obtain the Selling Securityholder Warrants upon completion of the Offering as a result of the automatic conversion of the Bridge Debentures. See "Management's Discussion and Analysis--Liquidity and Capital Resources." The Selling Securityholder Warrants and the Selling Securityholder Stock are sometimes collectively referred to herein as the "Selling Securityholder Securities."

The Selling Securityholder Warrants are identical to the Class A Warrants included in the Units offered hereby. All of the Selling Securityholder Warrants issued upon conversion of the Bridge Debentures and the Class A Common Stock issuable upon exercise of such Selling Securityholder Warrants will be registered under the Securities Act and will become tradeable subsequent to the Effective Date subject to the following contractual restrictions: each Selling Securityholder has agreed (i) not to sell, transfer, or otherwise dispose publicly of the Selling Securityholder Warrants except after the time periods and in the percentage amounts set forth below, on a cumulative basis, and (ii) not to exercise the Selling Securityholder Warrants for a period of one year from the closing of the Offering. Purchasers of the Selling Securityholder Warrants will not be subject to such restrictions.

LOCK-UP PERIOD	PERCENTAGE ELIGIBLE FOR RESALE
Before 90 days after Closing	0%
Between 91 and 150 days	25%
Between 151 and 210 days	50%
Between 211 and 270 days	75%
After 270 days	100%

After the one year period following the effective date of the Offering, the Selling Securityholders will be able to exercise the Selling Securityholder Warrants and sell the Class A Common Stock issuable upon exercise thereof without restriction. The Company will not receive any proceeds from the sale of the Selling Securityholder Warrants. Sales of Selling Securityholder Warrants issued upon conversion of the Bridge Debentures or the securities underlying such Class A Warrants or even the potential of such sales could have an adverse effect on the market prices of the Class A Common Stock and the Class A Warrants.

There are no material relationships between any of the Selling Securityholders and the Company, nor have any such material relationships existed within the past three years. The Company has been informed by the Underwriter that there are no agreements between the Underwriter and any Selling Securityholder regarding the distribution of the Selling Securityholder Warrants or the underlying securities.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the Selling Securityholder Warrants may not simultaneously engage in market-making activities with respect to any securities of the Company during the applicable "cooling-off" period (at least two and possibly nine business days) prior to the commencement of such distribution. Accordingly, in the event the Underwriter or Blair & Co. is engaged in a distribution of the Selling Securityholder Warrants, neither of such firms will be able to make a market in the Company's securities during the applicable restrictive period. However, neither the Underwriter nor Blair & Co. has agreed to nor is either of them obligated to act as broker-dealer in the sale of the Selling Securityholder Warrants, and the Selling Securityholders may be required, and in the event Blair & Co. is a market-maker, will likely be required, to sell such securities through another broker-dealer. In addition, each Selling Securityholder desiring to sell Warrants will be subject to the applicable provisions of the Exchange Act and the rules and regulations thereunder, including without limitation Rules 10b-6 and 10b-7, which provisions may limit the timing of the purchases

and sales of shares of the Company's securities by such Selling Securityholder. The Commission has recently adopted Regulation M, which will replace Rule 10b-6 and certain other rules promulgated under the Exchange Act. Upon its effectiveness in March 1997, Regulation M will result in, among other things, modifications of (i) the restricted or "cooling off" periods referenced above from two and nine business days (under current Rule 10b-6) to one and five business days and (ii) the criteria used to determine the applicable period. See "Underwriting."

The Selling Securityholders and broker-dealers, if any, acting in connection with such sales might be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act and any commission received by them and any profit on the resale of the securities might be deemed to be underwriting discount and commissions under the Securities Act.

DESCRIPTION OF SECURITIES

The Company's authorized capital consists of 40,000,000 shares of Class A Common Stock, no par value, 3,000,000 shares of Class B Common Stock, no par value, and 5,000,000 shares of preferred stock, no par value (the "Preferred Stock").

UNITS

Each Unit consists of 280 shares of the Company's Class A Common Stock, no par value per share, and 280 Class A Warrants. The public offering price of the Units will be determined by negotiations between the Company and the Underwriter, based primarily upon the market price of the outstanding Class A Common Stock and other factors described in "Underwriting". The components of the Units will be separately transferable upon issuance.

COMMON STOCK

The holders of each class of common stock have one vote per share on each matter considered by shareholders. The holders of common stock may cumulate their votes in the election of directors upon giving notice as required by law. Shareholders have no preemptive rights. All outstanding shares are, and all shares to be sold and issued in the Offering will be, fully paid, non-assessable and legally issued. The Board of Directors is authorized to issue additional shares of common stock within the limits authorized by the Company's charter and without shareholder action. Reference is made to the Company's Articles of Incorporation and By-Laws, as well as to the applicable provisions of the California General Corporation Law, for a more detailed description of the rights and liabilities of shareholders.

CLASS A COMMON STOCK

Prior to the Offering, 7,068,500 shares of Class A Common Stock have been issued and are outstanding, held of record by 49 shareholders (not including beneficial owners holding in nominee accounts), of which 3,000,000 shares are Escrow Shares subject to release to the beneficial owners of such shares in the event the Company attains certain pre-tax income goals. See "Principal Shareholders-- Escrow Shares." Upon consummation of the sale of the Units offered hereby, there will be 11,828,500 shares of Class A Common Stock issued and outstanding, 3,000,000 of which will be Escrow Shares.

CLASS B COMMON STOCK

No shares of Class B Common Stock are issued and outstanding. The Class B Common Stock is non-transferable and non-convertible. Further, the Class B Common Stock is subject to forfeiture under certain circumstances. See "Principal Shareholders--Escrow Shares." Holders of the Class B Common Stock will be entitled to receive, on a per share basis, only five percent (5%) of the dividends as may be declared by the Board of Directors on the Class A Common Stock, and five percent (5%) of the amount receivable by holders of Class A Common Stock upon liquidation or dissolution of the Company.

PREFERRED STOCK

Shares of Preferred Stock may be issued from time to time in one or more series and the Board of Directors, without further shareholder approval, is authorized to fix the dividend rights and terms, conversion rights, voting rights (whole, limited or none), redemption rights and terms, liquidation preferences, sinking funds and any other rights, preferences, privileges and restrictions applicable to each such series of Preferred Stock. The purpose of authorizing the Board of Directors to determine such rights and preferences is to eliminate delays associated with a shareholder vote on specific issuances. The issuance of the Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of Class A Common Stock and, under certain circumstances, make it more difficult for a third party to gain control of the Company. Such issuance also could adversely affect the distributions on and liquidation preference of the Class A Common Stock by creating one or more series of Preferred Stock with distribution or liquidation preferences senior to the Class A Common Stock. The Company does not currently intend to issue any shares of its authorized Preferred Stock.

CLASS A WARRANTS

Each Class A Warrant entitles the registered holder thereof to purchase, at any time until the fifth anniversary of the Effective Date, one share of the Company's Class A Common Stock at an exercise price of 135% of the amount equal to the price per Unit to the public divided by 280, subject to adjustment. Commencing one year from the date hereof, the Company may, upon 30 days' written notice, redeem each Class A Warrant in exchange for $0.05 per Class A Warrant if the closing Bid Price of the Class A Common Stock as reported by Nasdaq or the closing Bid Price on any national stock exchange (if the Company's Class A Common Stock is listed thereon) shall have, for 30 consecutive business days ending within 15 days of the date of the notice of redemption, averaged in excess of 175% of the Class A Warrant exercise price per share (subject to adjustment in the event of any stock splits or other similar events). The notice of redemption will be sent to the registered address of the registered holder of the Class A Warrant. All Class A Warrants must be redeemed if any are redeemed; provided, however, that the Class A Warrants underlying the Unit Purchase Option may only be redeemed under limited circumstances. See "Underwriting."

The Class A Warrants will be issued pursuant to a warrant agreement (the "Warrant Agreement") among the Company, the Underwriter and U.S. Stock Transfer Corporation as warrant agent (the "Warrant Agent"), and will be evidenced by warrant certificates in registered form. The exercise price of the Class A Warrants was determined by negotiation between the Company and the Underwriter and should not be construed to be predictive of, or to imply that, any price increases will occur in the Company's securities. The exercise price of the Class A Warrants and the number and kind of shares of Class A Common Stock or other securities and property to be obtained upon exercise of the Class A Warrants are subject to adjustment in certain circumstances, including a stock split of, or stock dividend on, or a subdivision, combination or recapitalization of, the Class A Common Stock or the issuance of shares of Class A Common Stock at less than the market price of the Class A Common Stock. Additionally, an adjustment would be made upon the sale of all or substantially all of the assets of the Company for less than the market value thereof, a merger or other unusual events (other than share issuances pursuant to employee benefit and stock incentive plans for directors, officers and employees of the Company) so as to enable holders of the Class A Warrants to purchase the kind and number of shares or other securities or property (including cash) receivable in such event by a holder of the kind and number of shares of Class A Common Stock that might otherwise have been purchased upon exercise of such Class A Warrant. No adjustment for previously paid cash dividends, if any, will be made upon exercise of the Class A Warrants.

The Class A Warrants may be exercised upon surrender of the Class A Warrant certificate on or prior to the expiration date (or earlier redemption date) of such Class A Warrants at the offices of the Warrant Agent with the form of "Election of Purchase" on the reverse side of the Class A Warrant certificate

completed and executed as indicated, accompanied by payment of the full exercise price (by certified or bank check payable to the order of the Company) for the number of Class A Warrants being exercised. Shares of Class A Common Stock issuable upon exercise of Class A Warrants and payment in accordance with the terms of the Warrants will be fully paid and non-assessable.

The Class A Warrants do not confer upon the holders of Class A Warrants any voting or other rights of the shareholders of the Company. Upon notice to the holders of Class A Warrants, the Company has the right to reduce the exercise price or extend the expiration date of the Class A Warrants. Although this right is intended to benefit the holders of Class A Warrants, to the extent the Company exercises this right when the Class A Warrants would otherwise be exercisable at a price higher than the prevailing market price of the Class A Common Stock, the likelihood of exercise, and resultant increase in the number of shares outstanding, may result in making more costly, or impeding, a change in control of the Company.

The description above is subject to the provisions of the Warrant Agreement, as amended, which has been filed as an exhibit to the Registration Statement, of which this Prospectus forms a part, and reference is made to such exhibit for a detailed description thereof.

UNIT PURCHASE OPTION

The Company has agreed to grant to the Underwriter, upon the closing of the Offering, the Unit Purchase Option to purchase up to 1,700 Units. These Units will, when issued, be identical to the Units offered hereby, except that the Class A Warrants included in the Unit Purchase Option are subject to redemption by the Company, in accordance with the terms of the Warrant Agreement, only at any time after the Unit Purchase Option has been exercised and the underlying Class A Warrants are outstanding. The Unit Purchase Option cannot be transferred, sold, assigned or hypothecated, except to any officer of the Underwriter or members of the selling group or their officers. The Unit Purchase Option is exercisable during the two-year period commencing three years from the date hereof at an exercise price of 145% of the public offering price per Unit subject to adjustment in certain events to protect against dilution. The holders of the Unit Purchase Options have certain demand and piggyback registration rights. See "Underwriting."

REGISTRATION RIGHTS

Commencing two and one-half years from the date of this Prospectus, the holders of the Unit Purchase Option will have certain demand and piggyback registration rights relating to such options and the underlying securities. These registration rights are in addition to the similar demand and piggyback registration rights granted to the holders of outstanding warrants issued to the underwriter in connection with the initial public offering of the Company in 1993, which, upon completion of the Offering, will entitle the holders thereof to purchase up to 228,608 shares of Class A Common Stock exercisable at $8.66 per share until June 4, 1998. The Company has also granted certain piggyback registration rights to HBI, Sutro & Co., Incorporated, The Galileo Fund, L.P. and The Copernicus Fund, L.P. with respect to an aggregate of 800,000 shares of Class A Common Stock and warrants to purchase Class A Common Stock. The exercise of the registration rights relating to the Unit Purchase Option or the outstanding warrants may involve substantial expense to the Company and have a depressive effect on the market price of the Company's securities.

The Company has also agreed to register, subsequent to the Offering, the Selling Securityholder Securities for resale by the holders thereof. See "Subsequent Offering."

CERTAIN RIGHTS

In connection with the Company's 1995 private placement of 750,000 shares of Class A Common Stock with HBI and two funds currently managed by DDJ (collectively, the "Purchasers"), the Company granted the Purchasers and their respective assigns certain rights (the "Rights") to purchase shares of the Company's capital stock in the event the Company proposes to issue or offer for sale such shares in certain

transactions. Pursuant to such Rights, if the Company issues or makes any offering of its capital stock in any transaction not involving an "exempt transaction" (defined to include a registered public offering and certain other transactions), the Company must offer the Purchasers or their respective assigns the opportunity to acquire from the Company, on the same terms such stock is proposed to be issued or offered in such non-exempt transaction, up to the same number of shares of such stock, allocated pro rata. The Units offered hereby are not subject to such Rights. The Rights expire by their terms on June 30, 1997.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Company's Class A Common Stock and the Warrant Agent for the Class A Warrants is U.S. Stock Transfer Corporation, 1745 Gardena Avenue, Suite 200, Glendale, California 91204.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to the Offering, the Company will have outstanding an aggregate of 7,068,500 shares of Class A Common Stock. 3,000,000 of such shares are Escrow Shares not transferable unless released from escrow pursuant to the Escrow Agreement. See "Principal Shareholders -- Escrow Shares." In addition, an aggregate of 264,757 shares of Class A Common Stock are issuable pursuant to outstanding warrants. Of the 4,068,500 shares of Class A Common Stock outstanding prior to the Offering that are not Escrow Shares, 795,197 are "restricted securities" as that term is defined under Rule 144. All such shares of Class A Common Stock will be eligible for sale under Rule 144 (subject to the restrictions on transfer agreed to between the current shareholders and the Underwriter, as set forth below, and the restrictions on transfer with respect to the Escrow Shares) and will be freely transferable without restriction under the Securities Act except for any shares purchased by any person who is or thereby becomes an "affiliate" of the Company, which shares will be subject to the resale limitations contained in Rule 144 promulgated under the Securities Act.

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated), with respect to restricted securities that satisfy a two-year holding period, may sell within any three-month period a number of restricted shares which does not exceed the greater of 1% of the then outstanding shares of such class of securities or the average weekly trading volume during the four calendar weeks prior to such sale. Sales under Rule 144 are also subject to certain requirements as to the manner of sale, notice and the availability of current public information about the Company. Rule 144 also permits, under certain circumstances, the sale of shares by a person who is not an affiliate of the Company, with respect to restricted securities that satisfy a three-year holding period, without regard to the volume or other resale limitations. For shares issued in consideration of an unsecured or non-recourse promissory note, the holding period does not commence until the note is paid in full. The above is a brief summary of Rule 144 and is not intended to be a complete description thereof.

The "restricted" Class A Common Stock currently is eligible for sale pursuant to Rule 144. However, the directors and executive officers of the Company and certain holders of 5% or more of the outstanding Class A Common Stock have agreed not to sell, assign or transfer any of their shares of Class A Common Stock, options or warrants for a period of 13 months after the closing date of the Offering without the prior consent of the Underwriter. In addition, the Company has granted certain registration rights with respect to the Unit Purchase Option and the securities underlying it. See "Underwriting."

Pursuant to registration rights acquired in the Bridge Financing, the Company will, subsequent to the Offering, register for resale on behalf of the Selling Securityholders, the Selling Securityholder Securities, subject to the contractual restriction that the Selling Securityholders have agreed (i) not to exercise the

Selling Securityholder Warrants for a period of one year for the closing of the Offering and (ii) not to sell the Selling Securityholder Warrants except pursuant to the restrictions set forth below:

LOCK-UP PERIOD	PERCENTAGE ELIGIBLE FOR RESALE
Before 90 days after closing	0%
Between 91 and 150 days after closing	25%
Between 151 and 210 days after closing	50%
Between 211 and 270 days after closing	75%
After 270 days after closing	100%

Following the Offering, no predictions can be made of the effect, if any, of future public sales of restricted shares or the availability of restricted shares for sale in the public market. Moreover, the Company cannot predict the number of shares of Class A Common Stock that may be sold in the future pursuant to Rule 144 because such sales will depend on, among other factors, the market price of the Class A Common Stock and the individual circumstances of the holders thereof. The availability for sale of substantial amounts of Class A Common Stock acquired through the exercise of the Class A Warrants under Rule 144, other options or the Unit Purchase Option could adversely affect prevailing market prices for the Class A Common Stock.

Beginning two and one-half years from the date of this Prospectus, the holders of the Unit Purchase Option will have demand and piggy-back registration rights relating to such options and the underlying securities and the holders of warrants issued to the underwriter in connection with the Company's initial public offering in 1993 will have certain demand and piggy-back registration rights with respect to 228,608 shares of Class A Common Stock into which such warrants are exercisable. See "Underwriting." The Company has also granted certain piggyback registration rights to HBI, Sutro & Co., Incorporated, The Galileo Fund, L.P. and The Copernicus Fund, L.P. with respect to an aggregate of 800,000 shares of Class A Common Stock and warrants to purchase Class A Common Stock.

Except as set forth above, no stockholder of the Company, nor any holder of warrants to purchase shares of the Class A Common Stock, has any registration rights.

D.H. Blair Investment Banking Corp. (the "Underwriter") has agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase the 17,000 Units offered hereby from the Company on a "firm commitment" basis, if any are purchased. It is expected that Blair & Co., will distribute as a selling group member substantially all of the Units offered hereby. Blair & Co. is substantially owned by family members of J. Morton Davis. Mr. Davis is the sole stockholder of the Underwriter.

The Underwriter has advised the Company that it proposes to offer the Units to the public at the public offering price set forth on the cover page of this Prospectus, and that it may allow, to selected dealers who are members of the National Association of Securities Dealers, Inc. (the "NASD"), concessions, not in excess of $ per Unit, of which not in excess of $ per Unit may be reallowed to other dealers who are members of the NASD. After the public offering, the public offering price, concessions and reallowances may be changed by the Underwriter.

The Company has granted an option to the Underwriter, exercisable during the 45-day period from the date of this Prospectus, to purchase up to 2,550 additional Units at the public offering price set forth on the cover page of this Prospectus, less the underwriting discounts and commissions. The Underwriter may exercise this option in whole, or, from time to time, in part, solely for the purpose of covering over-allotments, if any, made in connection with the sale of the Units offered hereby.

The Underwriter has informed the Company that it does not expect sales to any discretionary accounts to exceed 5% of the Offering.

The Company has agreed to pay to the Underwriter a non-accountable expense allowance representing 3% of the aggregate offering price of the Units offered hereby (plus 3% of the aggregate offering price of any Units purchased pursuant to the Underwriter's Over-allotment Option), $40,000 of which has been paid to date.

The Company has agreed to sell to the Underwriter and its designees, on the closing date of the Offering, for nominal cost, the Unit Purchase Option (the "Unit Purchase Option") to purchase up to 1,700 Units at an exercise price of 145% of the price per Unit to the public, subject to certain anti-dilution provisions. The Units purchasable upon exercise of the Unit Purchase Option are identical to the Units offered hereby, except that the Warrants contained therein are subject to redemption by the Company, in accordance with the terms of the Warrant Agreement, only after the Unit Purchase Option has been exercised and the underlying warrants are outstanding. The Unit Purchase Option will be exercisable during the two-year period commencing three years from the date of this Prospectus. The Unit Purchase Option may not be transferred, sold, assigned or hypothecated except to any NASD member participating in the offering or any officers of the Underwriter or any such NASD member. The Company has agreed to register under the Securities Act at its expense on one occasion, and at the expense of the Underwriter on another occasion, the Unit Purchase Option and/or the underlying securities at the request of the holder thereof. The Company has also agreed to certain "piggyback" registration rights for the holders of the Unit Purchase Option and/or the underlying securities.

For the life of the Unit Purchase Option, the holders are given the opportunity to profit from a rise in the market price of the Company's Common Stock and Class A Warrants with a resulting dilution in the interest of other shareholders. The Company may find it more difficult to raise additional equity capital while the Unit Purchase Option is outstanding and, at any time when the holders of the Unit Purchase Option might be expected to exercise it, the Company would probably be able to obtain equity capital on terms more favorable than those provided in the Unit Purchase Option.

Except for HBI, the Copernicus Fund and the Galileo Fund, all of the current directors and executive officers of the Company, all shareholders owning 5% or more of the issued and outstanding Class A Common Stock of the Company and certain holders of 1% but less than 5% of all of the issued and

outstanding Class A Common Stock of the Company have agreed not to sell, transfer or assign any of their shares of Common Stock, options or warrants without the prior written consent of the Underwriter for a period of 13 months from the closing date of the Offering, other than (i) bona fide gifts and transfers to trusts for estate planning purposes where the transferee agrees to be bound by the transfer restrictions described herein and (ii) the sale of shares owned by Lon E. Bell, Ph.D., pursuant to the exercise, by the holders thereof, of options on such shares previously granted by Dr. Bell.

In connection with the Offering, the Company has extended the term of an agreement providing for the payment of a fee to the Underwriter in the event the Underwriter is responsible for a merger or other acquisition transaction to which the Company is a party until five years from the date of completion of the Offering.

The Underwriter acted as the sole underwriter for the Company's initial public offering in June 1993. In connection therewith, the Underwriter received warrants which, upon completion of the Offering, will entitle the holders thereof to purchase 228,608 shares of Class A Common Stock exercisable at $8.66 per share.

The Underwriting Agreement provides for reciprocal indemnification between the Company and the Underwriter against certain liabilities, including liabilities under the Securities Act.

The Company has agreed not to solicit Class A Warrant exercises other than through the Underwriter, unless the Underwriter declines to make such solicitation. Upon any exercise of the Class A Warrants after the first anniversary of the date of this Prospectus, the Company will pay the Underwriter a fee of 5% of the aggregate exercise price of the Class A Warrants, if (i) the market price of the Company's Common Stock on the date the Class A Warrants are exercised is greater than the then exercise price of the Class A Warrants; (ii) the exercise of the Class A Warrants was solicited by a member of the NASD, as designated in writing on the warrant certificate subscription form; (iii) the Class A Warrants are not held in a discretionary account; (iv) disclosure of compensation arrangements was made both at the time of the Offering and at the time of exercise of the Class A Warrants; and (v) the solicitation of exercise of the Class A Warrant was not in violation of Rule 10b-6 promulgated under the Exchange Act.

In connection with the Offering, the Underwriter may engage in passive market making transactions in the Class A Common Stock on Nasdaq in accordance with Rule 10b-6A under the Securities Exchange Act of 1934, as amended, during the two business day period before commencement of offers or sales of the Units. The passive market making transactions must comply with applicable volume and price limits and be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for the security; if all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded. Unless granted an exemption by the Commission from Rule 10b-6, the Underwriter will be prohibited from engaging in any other market marking activities with regard to the Company's securities for the period from nine business days (or such other applicable period as Rule 10b-6 may provide) prior to any solicitation by the Underwriter of the exercise of the Class A Warrants until the later of the termination of such solicitation activity or the termination (by waiver or otherwise) of any right that the Underwriter may have to receive a fee for the exercise of Class A Warrants following such solicitation. As a result, the Underwriter may be unable to continue to provide a market for the Company's securities during certain periods while the Class A Warrants are exercisable. The Commission has recently adopted Regulation M, which will replace Rule 10b-6 and certain other rules promulgated under the Exchange Act. Upon its effectiveness in March 1997, Regulation M will result in, among other things, modifications of (i) the restricted or "cooling off" periods referenced above from two and nine business days (under current Rule 10b-6) to one and five business days and (ii) the criteria used to determine the applicable period.

The Company has agreed with the Underwriter that the Underwriter will have the right to appoint one director to the Company's Board of Directors for a period of five years following the completion of the Offering.

The exercise prices and other terms of the Class A Warrants have been, and the public offering price of the Units will be, determined by negotiations between the Company and the Underwriter and are not necessarily related to the Company's asset value, net worth or other established criteria of value. Factors considered in determining the exercise price and other terms of the Class A Warrants, and to be considered in determining the public offering price of the Units, include the market price of the Class A Common Stock, the present state of the Company's development, the future prospects of the Company, an assessment of management, the general condition of the securities markets and other factors deemed relevant.

The Underwriter has informed the Company that the Commission is conducting an investigation concerning various business activities of the Underwriter and Blair & Co., a selling group member which will distribute substantially all of the Units offered hereby. The investigation appears to be broad in scope, involving numerous aspects of the Underwriter's and Blair & Co.'s compliance with Federal securities laws and compliance with the Federal securities laws by issuers whose securities were underwritten by the Underwriter or Blair & Co., or in which the Underwriter or Blair & Co. made over-the-counter markets, persons associated with the Underwriter or Blair & Co., such issuers and other persons. The Company has been advised by the Underwriter that the investigation has been ongoing since at least 1989 and that the Underwriter is cooperating with the investigation. The Underwriter cannot predict whether this investigation will ever result in a formal enforcement action against the Underwriter or Blair & Co. or, if so, whether any such action might have an adverse effect on the Underwriter, Blair & Co. or the securities offered hereby. The Company has been advised that the Underwriter or Blair & Co. intends to make a market in the securities following the Offering. An unfavorable resolution of the Commission's investigation could have the effect of limiting such firm's ability to make a market in the Company's securities, which could adversely affect the liquidity or price of such securities.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for the Company by O'Melveny & Myers LLP, Los Angeles, California. Bachner, Tally, Polevoy & Misher LLP, New York, New York, have acted as counsel to the Underwriter in connection with the Offering.

EXPERTS

The financial statements as of December 31, 1995 and 1994 and for each of the three years ended December 31, 1995, and for the period April 23, 1991 (Inception) to December 31, 1995 included in this Prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's need to obtain financing to repay its debt and finance continued operations) of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

Pursuant to Item 12 of the Instructions to Form S-2, the following documents are hereby incorporated herein in their entirety by reference thereto:

(1) The Company's Annual Report on Form 10-K for the Company's fiscal year ended December 31, 1995.

(2) The Company's Quarterly Report on Form 10-Q/A for the three-month period ended March 31, 1996.

(3) The Company's Quarterly Report on Form 10-Q/A for the three-month period ended June 30, 1996.

(4) The Company's Quarterly Report on Form 10-Q for the three-month period ended September 30, 1996.

(5) The Company's Current Report on Form 8-K filed July 17, 1996.

(6) The Company's Current Report on Form 8-K filed January 30, 1997.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), Washington, D.C., a Registration Statement on Form S-2 under the Securities Act of 1933, as amended, with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in such Registration Statement and the exhibits thereto. For further information with respect to the Company and the Units, reference is hereby made to the Registration Statement and the exhibits thereto, which may be inspected without charge at the public reference facilities maintained at the principal office of the Commission at 450 Fifth Street, N.W., Room 1024, Washington D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such materials may be obtained upon written request from the public reference section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Electronic registration statements made through the Electronic Data Gathering, Analysis, and Retrieval System are publicly available through the Commission's Web site (http://www.sec.gov). Statements contained in the Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports and other information with the Commission. Such reports and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at the addresses shown above. Copies of such material can be obtained from the Public Reference Section of the Commission at the address shown above at prescribed rates or through the Commission's Web site. Reports and other information concerning the Company may also be inspected at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

The Class A Common Stock is listed on the Nasdaq SmallCap Market (symbol ARGNA). Certain information, reports and proxy statements of the Company are also available for inspection at the offices of the Nasdaq National Market Reports Section, 1735 K Street, Washington, D.C. 20006.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of such person, a copy of any or all of the documents referred to in "Incorporation of Certain Information by Reference" which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents. Requests for such copies should be directed to Amerigon Incorporated, 404 East Huntington Drive, Monrovia, California 91016-3600, Attention: R. John Hamman, Jr. (telephone 818-932-1200).

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying balance sheet and the related statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Amerigon Incorporated (a Development Stage Enterprise) at December 31, 1994 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, and for the period from April 23, 1991 (inception) to December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The Company has incurred significant losses during 1996, is in default of its bank line of credit agreement, and has entered into a bridge financing agreement. As more fully described in Note 14 to the financial statements, the Company will need to obtain additional financing to repay its debt and finance continued operations.

PRICE WATERHOUSE LLP

Costa Mesa, California
February 26, 1996, except
as to Note 14 which is as
of December 4, 1996

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEET
(IN THOUSANDS)

ASSETS

	DECEMBER 31,		
	1994	1995	SEPTEMBER 30, 1996
			(UNAUDITED)
Current assets:			
Cash and cash equivalents	$ 2,405	$ 4,486	$ 268
Short term investments	2,910	--	--
Accounts receivable less allowance of $100 in 1994 and 1995 (Note 13)	768	1,052	1,053
Unbilled revenue (Notes 10 and 11)	275	1,468	2,565
Inventory (Note 4)	--	243	127
Deferred contract costs	--	--	700
Prepaid expenses and other assets	89	961	460
Total current assets	6,447	8,210	5,173
Property and equipment, net (Note 4)	715	785	703
Total assets	$ 7,162	$ 8,995	$ 5,876
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable (Note 13)	$ 262	$ 1,123	$ 1,533
Deferred revenue (Note 10)	1,754	94	141
Accrued liabilities (Note 4)	282	512	416
Note payable to shareholder			200
Bank loan payable			2,532
Total current liabilities	2,298	1,729	4,822
Long-term portion of capital lease (Note 12)	78	68	50
Commitments (Notes 9 and 12)			
Shareholders' equity: (Notes 7 and 8)			
Preferred Stock, no par value; 5,000 shares authorized, none issued and outstanding			
Common Stock:			
Class A--No par value; 17,000 shares authorized, 3,300 and 4,050 issued and outstanding in 1994 and 1995, respectively. (An additional 3,000 shares held in escrow)	11,634	17,270	17,321
Class B--No par value; 3,000 shares authorized, none issued and outstanding			
Contributed capital	3,102	3,115	3,115
Deficit accumulated during development stage	(9,950)	(13,187)	(19,432)
Total shareholders' equity	4,786	7,198	1,004
Total liabilities and shareholders' equity	$ 7,162	$ 8,995	$ 5,876

See accompanying notes to the financial statements.

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF OPERATIONS
(IN THOUSANDS EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,			FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31,	NINE MONTHS ENDED SEPTEMBER 30,		FROM APRIL 23, 1991 (INCEPTION) TO SEPTEMBER 30,
	1993	1994	1995	1995	1995	1996	1996
					(UNAUDITED)		(UNAUDITED)
Revenues:							
Development contracts and related grants	$ 188	$ 1,336	$ 7,290	$ 8,814	$ 4,326	$ 6,382	$ 15,196
Grants	2,101	1,304	519	5,824	480	119	5,943
Total revenues	2,289	2,640	7,809	14,638	4,806	6,501	21,139
Costs and expenses:							
Direct development contract and related grant costs	525	928	5,332	6,785	3,895	9,142	15,927
Direct grant costs	1,649	803	339	4,522	390	101	4,623
Research and development	1,578	2,137	2,367	6,659	1,785	1,544	8,203
Selling, general and administrative, including reimbursable administrative costs	2,340	3,235	3,135	10,377	1,820	1,838	12,215
Total costs and expenses	6,092	7,103	11,173	28,343	7,890	12,625	40,968
Operating loss	(3,803)	(4,463)	(3,364)	(13,705)	(3,084)	(6,124)	(19,829)
Interest income	163	228	127	518	124	42	560
Interest expense						(163)	(163)
Net loss	$ (3,640)	$ (4,235)	$ (3,237)	$ (13,187)	$ (2,960)	$ (6,245)	$ (19,432)
Net loss per share	$ (1.64)	$ (1.28)	$ (0.98)		$ (0.90)	$ (1.54)	
Weighted average number of shares outstanding	2,213	3,300	3,306		3,300	4,060	

See accompanying notes to the financial statements.

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

	PREFERRED STOCK		COMMON STOCK CLASS A		COMMON STOCK CLASS B		CONTRIBUTED CAPITAL	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT			
Balance at April 23, 1991 (Inception)...	--	--	1,000	$ 100	--	--	--	--	$ 100
Contributed capital--founders' services provided without compensation.....							$ 111		111
Net loss.....								$ (616)	(616)
Balance at December 31, 1991.....	--	--	1,000	100	--	--	111	(616)	(405)
Transfer of common stock to employee by principal shareholder for services....							150		150
Contributed capital--founders' services provided without compensation.....							189		189
Net loss.....								(1,459)	(1,459)
Balance at December 31, 1992.....	--	--	1,000	100	--	--	450	(2,075)	(1,525)
Issuance of common stock (public offering).....			2,300	11,534					11,534
Options granted by pricipal shareholder for services.....							549		549
Contribution of notes payable to contributed capital.....							2,102		2,102
Net loss.....								(3,640)	(3,640)
Balance at December 31, 1993.....	--	--	3,300	11,634	--	--	3,101	(5,715)	9,020
Compensation recorded for variable plan stock option (Note 8).....							1		1
Net loss.....								(4,235)	(4,235)
Balance at December 31, 1994.....	--	--	3,300	11,634	--	--	3,102	(9,950)	4,786
Private placement of common stock.....			750	5,636			1		5,637
Compensation recorded for variable plan stock option (Note 8).....							12		12
Net loss.....								(3,237)	(3,237)
Balance at December 31, 1995.....	--	--	4,050	17,270	--	--	3,115	(13,187)	7,198
Unaudited Information:									
Exercise of stock options.....			19	145					145
Expenses of sale of stock.....				(94)					(94)
Net loss.....								(6,245)	(6,245)
Balance at September 30, 1996.....	--	--	4,069	$17,321	--	--	$3,115	$(19,432)	$1,004

See accompanying notes to the financial statements

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,			FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31, 1995	NINE MONTHS ENDED SEPTEMBER 30,		FROM APRIL 23, 1991 (INCEPTION) TO SEPTEMBER 30, 1996
	1993	1994	1995		1995	1996	
					(UNAUDITED)		(UNAUDITED)
Operating Activities:							
Net Loss	$ (3,640)	$ (4,235)	$ (3,237)	$ (13,187)	$ (2,960)	$ (6,245)	$ (19,432)
Adjustments to reconcile net loss to net cash used in operating activities:							
Depreciation and amortization	65	176	283	554	221	269	823
Provision for doubtful accounts	--	100	10	110	--	--	110
Stock option compensation	549	1	12	712	--	--	712
Contributed capital--founders' services provided without cash compensation	--	--	--	300	--	--	300
Change in operating assets and liabilities:							
Accounts receivable	(544)	(286)	(294)	(1,162)	457	(1)	(1,163)
Unbilled revenue	436	(32)	(1,193)	(1,468)	(1,036)	(1,097)	(2,565)
Inventory	--	--	(243)	(243)	(515)	116	(127)
Deferred contract costs	--	--	--	--	--	(700)	(700)
Prepaid expenses and other assets	(55)	(23)	(872)	(960)	(204)	501	(459)
Accounts payable	162	(203)	861	1,123	342	410	1,533
Deferred revenue	46	1,708	(1,660)	94	(868)	47	141
Accrued liabilities	102	92	230	512	(22)	(96)	416
Net cash used in operating activities	(2,879)	(2,702)	(6,103)	(13,615)	(4,585)	(6,796)	(20,411)
Investing activities:							
Purchase of property and equipment	(134)	(635)	(353)	(1,271)	(276)	(187)	(1,458)
Proceeds from disposition of property	--	9	--	9	--	--	9
Short term investments	--	(2,910)	2,910	--	2,910	--	--
Net cash used in investing activities	(134)	(3,536)	2,557	(1,262)	2,634	(187)	(1,449)
Financing activities:							
Proceeds from sale of common stock, net	11,534	--	5,636	17,270	--	(94)	17,176
Proceeds from sale of warrants	--	--	1	1	--	--	1
Proceeds from exercise of stock options	--	--	--	--	--	145	145
Borrowing under line of credit	--	--	1,100	1,100	--	5,180	6,280
Repayment of line of credit	--	--	(1,100)	(1,100)	--	(2,648)	(3,748)
Repayment of capital lease	--	--	(10)	(10)	(10)	(18)	(28)
Proceeds from note payable to shareholder	--	--	--	--	--	200	200
Notes payable contributed to capital	--	--	--	2,102	--	--	2,102
Net cash provided by financing activities	11,534	--	5,627	19,363	(10)	2,765	22,128
Net increase (decrease) in cash	8,521	(6,238)	2,081	4,486	(1,961)	(4,218)	268
Cash and cash equivalents at beginning of period	122	8,643	2,405	--	2,405	4,486	--
Cash and cash equivalents at end of period	$ 8,643	$ 2,405	$ 4,486	$ 4,486	$ 444	$ 268	$ 268

See accompanying notes to the financial statements

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO FINANCIAL STATEMENTS

NOTE 1--THE COMPANY:

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

Amerigon's activities through December 31, 1995 include (1) obtaining the rights to the basic technology and continuing development of the audio navigation system, the climate control seat system, and certain ultra-wideband radar applications; (2) obtaining financing from grants and other sources and conducting development programs related to electric vehicles and its other products; (3) marketing of these development stage products to automotive companies and their suppliers; and (4) completing the development, in December 1995, of the audio navigation system and selling the first commercial units.

The Company's strategy has been to augment the expenditure of its own funds on research and development by seeking and obtaining various grants which support the development of electric vehicles and related technologies. Through such grant funded activities and development contracts with customers, the Company has opportunities to gain access to new technologies and to extend its own product development efforts.

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The financial statements include amounts that are based on management's judgments. Certain reclassifications have been made for consistent presentation.

DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

All investments with original maturities of less than 90 days are considered cash equivalents.

CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Company to concentration of credit risk consist primarily of cash equivalents, accounts receivable and unbilled revenue. Cash equivalents are invested in the money market account of a major U.S. financial services company and the risk is considered limited. The risk associated with accounts receivable and unbilled revenue is limited by the large size and credit worthiness

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

of the Company's commercial customers and the federal and California government agencies providing grant funding. Three government agencies are included in the $2,520,000 of accounts receivable and unbilled revenues at December 31, 1995, representing 22%, 15% and 12%, respectively, of the total. No individual commercial customer represents greater than 10% of the total. One government agency and one commercial customer represent 16% and 52%, respectively, of revenues for the year ending December 31, 1995. Two government agencies and one commercial customer represent 28%, 10%, and 10%, respectively, of revenues for the year ending December 31, 1994. For the year ending December 31, 1993, one funding agency represented 59% of revenues. In addition, revenues from foreign customers represented 54% of total revenues for the year ended December 31, 1995 and insignificant percentages of revenues for the two preceding years.

INVENTORY

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

PROPERTY AND EQUIPMENT

Property and equipment, including additions and improvements, are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. When property or equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Gains or losses from retirements and disposals are recorded as other income or expense.

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

DEVELOPMENT CONTRACT REVENUES

The Company has entered into a series of fixed-price development contracts, which include (1) specific engineering and tooling services to prepare the Company's products and the related manufacturing processes for commercial sales to certain original equipment manufacturers ("OEMs"); (2) the development of complete electric vehicle systems (Note 10); and (3) prototype products developed during the research and development process, some of which are sold to third parties for evaluation purposes. Revenue is recognized on development contracts using the percentage of completion method or, in the case of short duration contracts, when the prototype or service is delivered. Revenues earned are recorded on the balance sheet as Unbilled Revenue until billed. All amounts received from customers in advance of the development effort are reflected on the balance sheet as Deferred Revenue until such time as the contracted work is performed.

GRANT REVENUES

Revenue from government agency grants and other sources pursuant to cost reimbursement and cost sharing arrangements (Note 11) is recognized when reimbursable costs have been incurred. Billings on the

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Company's grant programs are generally subject to the Company achieving certain milestones or complying with billing schedules designated in the grant agreements. Accordingly, delays between the time reimbursable grant costs are incurred and then ultimately billed may occur. Grant revenues earned are recorded on the balance sheet as Unbilled Revenue until billed.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development activities are expensed as incurred. These amounts represent direct expenses for wages, materials and services associated with development contracts, grant program activities and the development of the Company's products. Research and development expenses associated with projects that are specifically funded by development contracts or grant agreements from customers are classified under Direct Development Contract and Related Grant Costs or Direct Grant Costs in the Statement of Operations. All other research and development expenses that are not associated with projects that are specifically funded by development contracts or grants from customers are classified as Research and Development. The Company has expensed, as Research and Development, payments for license rights to technology and minimum royalties which amounted to $345,000 in 1995, $248,000 in 1994 and $260,000 in 1993. Research and development does not include any overhead or administrative costs.

ACCOUNTING FOR STOCK-BASED COMPENSATION

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), effective for years beginning after December 15, 1995. For purposes of recording expense associated with stock-based compensation, the Company intends to continue to apply the provisions of APB Opinion 25 and related interpretations. The effect of adoption of SFAS 123 in the year ending December 31, 1996 is not known.

INCOME TAXES

Income taxes for periods subsequent to the Company's election to report as a "C" Corporation for tax purposes are determined under guidelines prescribed by Financial Accounting Standards Board Statement No. 109 (SFAS 109), "Accounting for Income Taxes." Under the liability method specified by SFAS 109, the deferred tax assets and liabilities are measured each year based on the difference between the financial statement and tax bases of the assets and liabilities at the applicable enacted Federal and state tax rates. A valuation allowance is provided for the portion of net deferred tax assets considered unlikely to be realized.

NET LOSS PER SHARE

The Company's net loss per share calculations are based upon the weighted average number of shares of common stock outstanding. Excluded from this calculation are the 3,000,000 Escrowed Contingent Shares (Note 7). Common stock equivalents (stock options and stock warrants) are anti-dilutive in 1995, 1994 and 1993 and are excluded from the net loss per share calculation.

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

INTERIM RESULTS (UNAUDITED)

The accompanying balance sheet at September 30, 1996 and the statements of operations and cash flows for the nine month periods ended September 30, 1995 and 1996 and for the period April 23, 1991 (inception) to September 30, 1996, and the statement of shareholders' equity for the nine month period ended September 30, 1996 are unaudited. In the opinion of management, these statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of results of the interim periods. The data disclosed in the notes to the financial statements for those periods are also unaudited.

RECLASSIFICATIONS

Certain amounts for the year ended December 31, 1995 have been reclassified to be consistent with the presentation for the nine months ended September 30, 1996 and 1995.

NOTE 3--HISTORICAL LOSSES:

The Company is a development stage enterprise and has incurred losses from operations since its inception of $13,187,000 through December 31, 1995. The Company may continue to incur losses for the foreseeable future due to the costs anticipated to be incurred with the development, manufacture and marketing of its products. See Note 14 regarding subsequent events including Indispensible Financing.

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

	DECEMBER 31,	
	1994	1995
INVENTORY:		
Raw materials and component parts	--	$ 243
Finished goods	--	--
	--	$ 243
PROPERTY AND EQUIPMENT:		
Equipment	$ 372	$ 611
Computer equipment	476	578
Leasehold improvements	139	151
	987	1,340
Less: accumulated depreciation and amortization	(272)	(555)
	$ 715	$ 785
ACCRUED EXPENSES:		
Accrued salaries	$ 116	$ 328
Accrued vacation	152	165
Other accrued liabilities	14	19
	$ 282	$ 512

NOTE 5--INCOME TAXES:

There are no assets or liabilities for income taxes, nor income tax expense included in the financial statements because the Company has incurred losses since inception for both book and tax purposes. Prior to the effective date of the initial public offering in 1993, the Company elected to be taxed as an S corporation for both federal and state income tax purposes. As a result, the Company was not subject to federal taxation and was subject to state taxation at a reduced rate (2.5%). Subsequent to the public offering, the Company has incurred net operating losses for federal and state purposes of $9,559,000 and $4,778,000 respectively, and has generated tax credits for certain research and development activities of $301,000 and $167,000 for federal and state purposes, respectively. Federal net operating losses and tax credits expire from 2008 through 2010 and state net operating losses expire from 1998 through 2000. The use of such net operating losses would be limited in the event of a change in control of the Company.

A valuation allowance of $3,919,000 has been provided for the entire amount of the deferred tax assets created by these net operating loss and tax credit carry-forwards, which represents an increase in the valuation allowance of $1,327,000 from December 31, 1994. The remaining temporary differences are primarily attributable to depreciation, unbilled grant revenue, deferred revenue and accrued compensated absences.

NOTE 6--LINE OF CREDIT

On November 27, 1995, the Company entered into a line of credit agreement with a bank under which the Company may borrow up to $4 million based on certain costs incurred and billings made under a major electric vehicle development contract (Note 10). The line of credit provides for interest at the prime rate plus 1.3% and payments from the customer are applied as repayments, unless otherwise paid by the Company. All assets of the Company have been pledged as collateral and the loan has been guaranteed by the Company's president, a principal shareholder. The loan agreement restricts the Company's payment of dividends and any redemptions or retirement of stock. The agreement contains certain required financial statement ratios and limits certain loans, investments, acquisitions and dispositions of assets. The loan agreement expires June 30, 1996. No amounts are outstanding under the line of credit at December 31, 1995.

NOTE 7--SHAREHOLDERS' EQUITY:

COMMON STOCK

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

PUBLIC OFFERING OF CLASS A COMMON STOCK

In June 1993, the Company sold 2,300,000 shares of its Class A Common Stock for net proceeds of $11,534,000. The Company issued Warrants to purchase 204,757 shares of Class A Common Stock, as subsequently adjusted pursuant to anti-dilution provisions (Note 8). Immediately prior to the public

NOTE 7--SHAREHOLDERS' EQUITY: (CONTINUED)
offering, $2,102,000 of the outstanding balance of notes payable to shareholders were contributed by the shareholders to the capital of the Company.

PRIVATE PLACEMENT OF CLASS A COMMON STOCK

On December 29, 1995, the Company sold 750,000 shares of its Class A Common Stock for $6,000,000 and received net proceeds of $5,636,000. The investors received registration rights pursuant to which the Company must register these shares. The stock purchase agreement also restricts the sale of additional stock until June 30, 1996. In addition, the Company issued Warrants to purchase 60,000 shares of Class A Common Stock (Note 8).

ESCROW AGREEMENT

Prior to the effective date of the June 1993 initial public offering, 3,000,000 shares of the Company's Class A Common Stock ("Escrowed Contingent Shares") were deposited into escrow by the then existing shareholders in proportion to their then current holdings. These shares are not transferable (but may be voted) and will be released from escrow in the event the Company attains certain earnings levels (which have been adjusted for the December 29, 1995, private placement) during the period through December 31, 1998 or the market price of the Class A Common Stock reaches specified levels during the period through June 10, 1996.

The release of the Escrowed Contingent Shares will be deemed compensatory and, accordingly, will result in charges to earnings equal to the fair market value of the Escrowed Contingent Shares recorded ratably over the period beginning on the date when management determines that any of the specified events are probable of being attained and ending on the date when the goal is attained causing the Escrowed Contingent Shares to be released. At the time a goal is attained, previously unrecognized compensation expense will be adjusted by a one-time charge based on the then fair market value of the shares released from Escrow. Such charges could substantially reduce the Company's net income or increase the Company's loss for financial reporting purposes in the periods such charges are recorded. The specified events are not considered probable of attainment at this time.

On April 30, 1999, all shares that have not been released from Escrow will automatically be exchanged for shares of Class B Common Stock, which will then be released from Escrow. Any dividends or other distributions made with respect to Escrowed Contingent Shares that have not been released from Escrow as Class A Common Stock will be forfeited and contributed to the capital of the Company on April 30, 1999.

NOTE 8--STOCK OPTIONS AND STOCK WARRANTS:

1993 STOCK OPTION PLAN

Under the Company's 1993 Stock Option Plan (the "Plan"), as amended in June 1995, 550,000 shares of the Company's Class A Common Stock are reserved for issuance, pursuant to which officers and employees of the Company as well as other persons who render services to or are otherwise associated with the Company are eligible to receive qualified ("incentive") and/or non-qualified stock options.

NOTE 8--STOCK OPTIONS AND STOCK WARRANTS: (CONTINUED)

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

OPTIONS GRANTED BY PRINCIPAL SHAREHOLDER ("BELL OPTIONS")

Dr. Lon Bell, the president and principal shareholder of the Company, has granted options to purchase shares of his Class A Common Stock, 75% of which are Escrowed Contingent Shares. The holder of these options can exercise the portions of his options related to Escrowed Contingent Shares only upon release of these shares from escrow as Class A Common Stock. The option holder has no right to purchase Class B Common Stock should such shares be released (Note 7). Any options granted at prices below fair market value on the date of grant result in compensation expense with respect to options to purchase the 25% of such shares not placed in escrow. Compensation expense and a corresponding adjustment to contributed capital on options to purchase Escrowed Contingent Shares will be recorded when they are released or it is determined they are probable of being released as Class A Common Stock.

In 1993, options were granted at prices below fair market value for which compensation expense was recorded for the non-escrowed shares. Additional compensation expense will be recorded if the related Escrowed Contingent Shares are released from escrow. Certain of the Bell options granted during 1993 to one individual were granted contingent on certain future performance criteria and are accounted for as a variable plan. The Company recorded $1,000 and $12,231 of compensation expense in 1994 and 1995, respectively related to 1,500 and 5,028 of those options, respectively.

NOTE 8--STOCK OPTIONS AND STOCK WARRANTS: (CONTINUED)
The following table summarizes stock option activity:

	1993 STOCK OPTION PLAN		BELL OPTIONS	
	NUMBER	PRICE	NUMBER	PRICE
Outstanding at December 31, 1992	--		--	
Granted	80,000	$ 6.00-8.00	850,572	$ 1.15-8.00
Canceled	--		(27,337)	1.15
Outstanding at December 31, 1993	80,000	6.00-8.00	823,235	1.15-8.00
Granted	63,574	8.25-11.69	--	--
Canceled	(2,064)	9.00-9.75	--	--
Exercised	--	--	--	--
Outstanding at December 31, 1994	141,510	$ 6.00-11.69	823,235	$ 1.15-8.00
Granted	179,775	9.81-12.75	16,614	10.75-12.00
Canceled	(5,339)	10.50-11.69	(4,640)	1.15
Exercised	--	--	(1,500)	1.15
Outstanding at December 31, 1995	315,946	6.00-12.75	833,709	1.15-12.00
Exercisable at December 31, 1995	279,839	$ 6.00-12.75	162,187	$ 1.15-12.00
Shares available for option grants	234,054			

Pursuant to employment agreements with certain key employees, the Company may grant Company options at the prevailing market price when certain performance goals are attained. These options are not considered granted as of December 31, 1995 as neither the option price nor the number of shares subject to option are determinable.

STOCK WARRANTS

In connection with the Company's June 1993 initial public offering, the Company issued to the underwriters warrants to purchase 204,757 shares of Class A Common Stock at $9.67 per share through June 9, 1998, as adjusted for anti-dilution provisions in the warrant agreements. The Company issued to third parties warrants to purchase 60,000 shares of Class A Common Stock at $10.25 per share as a financial advisory fee in connection with the private placement on December 29, 1995. These warrants expire on December 28, 2000.

NOTE 9--LICENSES:

AUDIO NAVIGATION SYSTEM. The Company has licensed several technologies and map data sources in connection with its Audio Navigation System and is subject to royalty payments under each license agreement. In 1993, the Company entered into a worldwide license to manufacture and sell certain voice activated navigation systems and software to automotive OEMs and automotive aftermarket companies. The Company must pay royalties on net commercial sales of the patented hardware. The terms of the license also include a royalty on sales of non-patented hardware and a royalty on sales of software. The Company would receive back from the licensor a royalty on sales by the licensor of software to the consumer electronics markets. The total minimum royalty due under the license agreement is $750,000,

NOTE 9--LICENSES: (CONTINUED)
payable in installments through June 30, 2002. A minimum royalty of $50,000 was paid and expensed as Research and Development in each of the years ending June 30, 1995 and 1994. The minimum royalty applicable to the year ending June 30, 1996, is also $50,000. Failure to pay the minimum royalty results in the loss of the license.

The Company also licenses the right to use certain voice recognition technology under which a royalty is due based on the cumulative sales of hardware units. In addition, the Company uses certain geographic data bases for which it pays a fee based on each map area sold. There are no minimum royalties under these two agreements.

CLIMATE CONTROLLED SEAT SYSTEM. In 1992, the Company obtained the worldwide license to manufacture and sell technology for a climate control seat system to individual automotive OEMs. Under the terms of the license agreement, royalties are payable based on cumulative net sales. The Company has paid minimum royalties of $11,500 and $20,800 in 1994 and 1995, respectively.

ULTRA-WIDEBAND RADAR. In January 1994, the Company entered into a license agreement for exclusive rights in certain automotive applications to certain radar technology. A licensing fee of $100,000 was paid in January 1994. Royalties are required to be paid based on cumulative net sales and are subject to minimum annual royalties beginning in 1995. The minimum royalty payment for 1995 was $50,000 and was expensed as Research and Development.

NOTE 10--MAJOR CONTRACTS

On December 8, 1994, the Company announced that it had entered into contracts with two Asian manufacturing companies to produce approximately 50 aluminum chassis passenger electric vehicle systems. These contracts, together with 1995 additions, are valued at approximately $9,600,000, of which the Company received $1,650,000 during 1994 and $2,230,000 during 1995. The contracts are scheduled to be completed in 1996. For the years ended December 31, 1994 and 1995, the Company recognized $48,000 and $4,040,000 in revenue, respectively, from these contracts. At December 31, 1995, $209,000 is included in Unbilled Revenue representing amounts recognized as revenue for which billings had not been presented to customers.

In 1995, the Company completed development contracts related to specific engineering and tooling of the Company's audio navigation system.

NOTE 11--GRANTS

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

In 1992, CALSTART, Inc. ("CALSTART"), a not-for-profit consortium of public and private entities (Note 13), was organized to support programs designed to promote the development of advanced transportation including the advancement of electric vehicles. CALSTART's support is primarily through the direct or indirect arrangement of grant funding for such programs. Since 1992, the Company has been

NOTE 11--GRANTS (CONTINUED)
selected by CALSTART to manage or co-manage several such programs. Revenues recognized from CALSTART related programs were $1,649,000, $802,000 and $2,198,000 during 1993, 1994 and 1995, respectively. The Company has also received grants from the California Energy Commission, the Federal Transit Administration and from the Southern California Air Quality Management District related to work on its electric vehicle and its climate control seat technology.

As of December 31, 1995, the Company has recorded $1,260,000 relating to reimbursable costs incurred for which billings had not yet been presented to the funding agencies. The Company is entitled to obtain future reimbursement from its funding sources for up to $1,330,000 of direct costs and reimbursable administrative costs incurred in managing grant programs now in process, most of which are expected to be completed during 1996.

NOTE 12--COMMITMENTS:

As of December 31, 1995, the Company had in effect compensation agreements with certain key employees, including each of the officers, which provide for annual compensation amounts, semi-annual increases in salary based upon the Consumer Price Index and annual increases based on merit. Several of these agreements also provide for bonuses based upon performance, and several include a guaranteed minimum bonus provision. These compensation agreements do not include an obligation of continued employment; however, bonuses based upon individual performance objectives achieved prior to termination would be payable to terminated employees.

In February 1994, the Company executed a sublease on a facility in Monrovia, California and, in December 1994, the Company executed an amendment to the sublease adding additional space. As of December 31, 1995, the monthly rent was $24,000. The lease expires in August 1996, but contains options to renew to July 31, 1997. In December 1995, the Company executed a sublease to December 31, 1996, on a facility in Alameda, California, from CALSTART (Note 13) for a monthly rental amount of $14,000 and an advance payment of $450,000 which the Company is amortizing to expense over the term of the lease.

In December 1994, the Company entered into a 60-month capital lease contract for an IBM computer system with an implicit interest rate of 11.8% and, in July 1995, entered into a 36 month capital lease contract with an implicit interest rate of 19.7% for additional computer equipment.

The future minimum annual commitments under capital leases as of December 31, 1995 are as follows:

YEAR	MINIMUM ANNUAL CAPITAL LEASE AMOUNT	OPERATING LEASE AMOUNT
1996	$ 28,000	$ 336,000
1997	28,000	--
1998	27,000	--
1999	22,000	--
Total Lease Commitments	105,000	$ 336,000
Less amount representing interest	(20,000)	
	$ 85,000	

NOTE 12--COMMITMENTS: (CONTINUED)

The liability for this capitalized amount is classified in the Balance Sheet as follows:

Current Portion	$ 17,000
Long-term Portion	68,000
Total	$ 85,000

Rent expense for the years ended December 31, 1993, 1994 and 1995 were none, $193,000 and $291,000, respectively.

NOTE 13--RELATED PARTY TRANSACTIONS:

Dr. Bell, the President and principal shareholder of the Company, co-founded CALSTART (Notes 11 and 12) in 1992, served as its interim President, and for the last three years has served on CALSTART's Board of Directors and is a member of its Executive Committee.

The Company leased space from CALSTART from June 1992 until April 1994 at no charge, at which time the Company moved to its current facility. In December 1995, the Company signed a 13 month lease with CALSTART for a 24,000 square foot manufacturing and office facility located in Alameda, California for an advance payment of $450,000 and $14,000 per month (Note 12).

As of December 31, 1995, the Company owes $150,000 to CALSTART related to the lease, and CALSTART owes to the Company $135,000 relating to amounts withheld from payments made by CALSTART under several grant programs which will be paid to the Company upon completion of the respective grant programs.

NOTE 14--SUBSEQUENT EVENTS:

INDISPENSIBLE FINANCING

During 1996, the Company incurred significant losses on its major electric vehicle development contract, which were recorded in the second and third quarters of 1996, entered into a Bridge Financing agreement in October 1996 whereby the borrowings under the agreement are due in October 1997 and is currently in default of its bank line of credit agreement. As a result of these events, the Company will need to obtain additional financing to repay its debt and fund continued operations. Management's plans to obtain this additional financing include attempting to complete a public offering of its common stock. In the event that the public offering is not successful or sufficient, the Company will have to obtain a significant infusion of funds, either through additional debt or sales of equity securities and/or assets. The outcome of such efforts cannot be assured.

BRIDGE FINANCING

In October 1996, the Company completed a private placement (the "Bridge Financing") of 60 bridge units (each a "Bridge Unit"), each consisting of one $47,500 10% unsecured promissory note made by the Company (each a "Bridge Note") and one $2,500 10% convertible subordinated debenture (each a "Bridge Debenture"). The Bridge Debentures are due October 31, 1997 and will, upon successful completion of a public offering involving warrants to purchase Class A Common Stock, automatically convert into 27,000 warrants to purchase Class A Common Stock per Bridge Debenture at approximately

NOTE 14--SUBSEQUENT EVENTS: (CONTINUED)
135% of the proposed public offering price for the Class A Common Stock. The holders of such warrants will not be able to exercise the warrants until one year after the effective date of the proposed public offering. The Bridge Notes are due at the earlier of the completion of the public offering or one year from the date of issuance. The net proceeds to the Company from the Bridge Financing were approximately $2,500,000, net of issuance costs of $500,000.

BANK LINE OF CREDIT

During the third quarter of 1996, the Company's line of credit with a bank (Note 6) was extended to October 31, 1996. It has since been extended to December 31, 1996. At September 30, 1996, the Company was in violation of certain financial and other covenants contained in the loan agreement. However, the bank has agreed to waive certain of these violations and to forbear until December 31, 1996 from exercising its rights and remedies with respect to all others.

NOTE 15--SUBSEQUENT EVENT (UNAUDITED):

During the nine months ended September 30, 1996, the Company experienced significant cost overruns on the major electric vehicle development contract (Note 10) resulting from unanticipated design and development difficulties and delays in the completion of the contract. Accordingly, the Company recorded a charge to operations of approximately $1,625,000 during the nine months ended September 30, 1996 for the ultimate estimated loss at completion of the contract.

The Company's line of credit from the bank and the related forbearance agreement expired as of December 31, 1996 (See Note 14), were subsequently extended until January 31, 1997, and have been extended orally until February 28, 1997. The Company has sought, and the bank has advised the Company that it will soon deliver, a written extension to February 28, 1997. However, the delivery of such a written extension cannot be assured.

At September 30, 1996, the Company had capitalized approximately $700,000 relating to costs incurred to develop electrical vehicle prototypes, which management believed were realizable, in connection with a proposed joint venture in India to develop, market and manufacture electrical vehicles. Upon initial funding of the joint venture, the Company was to be paid for the amounts due relating to its development of the prototype electrical vehicles. In September, October and November of 1996, the Company along with the other participants in the proposed joint venture were actively involved in discussions and/or negotiations with several potential investors in the joint venture including one potential investor which had committed to invest up to $4.5 million subject to the confirmation of certain conditions and cost assumptions.

In late December 1996, the potential for securing financing from this investor was jeopardized when certain cost studies performed in December 1996 identified potentially higher than originally expected per unit vehicle costs. In addition, in November and December of 1996, the other investors either decided not to invest in the proposed joint venture or offered to invest subject to significant contingencies. As a result of these developments, the Company believes that the viability of the joint venture has become questionable and recoverability of the the deferred contract costs became less probable. Accordingly, the Company wrote off the $700,000 in deferred contract costs in December 1996.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

AMERIGON
INCORPORATED

17,000 UNITS

EACH CONSISTING OF 280 SHARES OF
CLASS A COMMON STOCK AND
280 CLASS A WARRANTS

PROSPECTUS

D.H. BLAIR INVESTMENT
BANKING CORP.

, 1997

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The expenses in connection with the Offering, other than underwriting commissions and discounts, are as follows:

SEC registration fee	$16,900.84
NASD filing fee	6,077.28
NASDAQ fee	8,500.00
Printing and engraving expenses	145,000.00
Accounting fees and expenses	140,000.00
Legal fees and expenses	275,000.00
Blue Sky filing fees and expenses	55,000.00
Transfer Agent's fees and expenses	2,500.00
Miscellaneous expenses	26,021.88
Total	$675,000.00

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Articles of Incorporation and Bylaws of the Company require the Company to indemnify its officers and directors to the fullest extent permitted by Section 317 of the California General Corporation Law and applicable law. Section 317 of the California General Corporation Law makes provision for the indemnification of officers, directors and other corporate agents in terms sufficiently broad to indemnify such persons, under certain circumstances, for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended (the "Act"). Reference is also made to those provisions of the Underwriting Agreement filed herewith as Exhibit 1.1 and to the form of indemnity agreement filed herewith as Exhibit 10.8 indemnifying officers and directors of the Company against certain liabilities.

ITEM 16. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
1.1	Form of Underwriting Agreement
3.1.1	Amended and Restated Articles of Incorporation (the "Articles") of the Company(1)
3.1.2	Certificate of Amendment of Articles filed with the California Secretary of State on December 5, 1996.*
3.2	Bylaws of the Company as amended to date(1)
4.1	Form of Warrant Agreement to be entered into among the Company, the Underwriter and U.S. Stock Transfer Corporation as Warrant Agent
4.2	Form of Warrant Certificate for Class A Warrant*
4.3	Form of Specimen Certificate of Company's Class A Common Stock(1)
4.4	Escrow Agreement among the Company, U.S. Stock Transfer Corporation and the shareholders named therein(1)
5.1	Opinion of O'Melveny & Myers LLP regarding legality of securities being registered.*
10.1	1993 Stock Option Plan, together with Form of Incentive Stock Option Agreement and Nonqualified Stock Option Agreement.(1)

EXHIBIT NUMBER	DESCRIPTION
10.2	Promissory Note Payable from the Company to Lon E. Bell dated September 9, 1996.*
10.3	Promissory Note from the Company to Lon E. Bell dated January 29, 1997.
10.4	Form of Underwriter's Unit Purchase Option
10.5	Stock Option Agreement, effective March 31, 1993, between Lon E. Bell and Joshua Newman.(1)
10.6	Stock Option Agreement, effective August 9, 1995, between Lon E. Bell and R. John Hamman, Jr.*
10.7.1	Stock Option Agreement ("Bell Stock Option Agreement"), effective May 13, 1993, between Lon E. Bell and Roy A. Anderson.*
10.7.2	List of omitted Bell Stock Option Agreements with Company directors.*
10.8.1	Standard Sublease (the "Monrovia Lease"), dated February 14, 1994, between the Company and Environmental Systems Group of Joy Technologies, Inc. ("Joy") (formerly Joy Manufacturing Company) for facilities located in Monrovia, California.(2)
10.8.2	Letter dated February 7, 1996 from the Company to Joy extending the term of the Monrovia Lease to February 14, 1997.*
10.8.3	Letter dated December 3, 1996 from the Company to McDermott, Inc., successor to Joy, extending the term of the Monrovia Lease to July 31, 1997.*
10.9	Form of Indemnity Agreement between the Company and each of its officers and directors.(1)
10.10	Product Adaptation and Supply Contract, dated as of November 25, 1994, by and between the Company and Samsung Heavy Industries Co., Ltd., Kihung R&D Center.
10.11	Settlement and License Agreement, dated as of May 10, 1996, by and between the Company, Audio Navigation Systems, LLC, Alcom Engineering Corporation and Audio Navigation Systems, Inc., together with Addendum thereto dated June 12, 1996.*
10.12	License Agreement, dated as of January 20, 1994, by and between the Company and the Regents of the University of California, together with a letter from the Regents to the Company dated September 19, 1996 relating thereto.* **
10.13	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc.(1)
10.14	License Agreement, dated as of October 19, 1993, by and between the Company and Lernout & Hauspie Speech Products, N.V., as amended.*
10.15	License Agreement, dated as of March 15, 1995, by and between the Company and Navigation Technologies Corporation.*
10.16	Shareholders Agreement, dated May 13, 1993, by and among the Company and the shareholders named therein.(1)
10.17	Running Chassis Program Management Agreement between the Company and CALSTART dated September 8, 1993.(2)
10.18	Thermoelectric Air Conditioning System Program Contract between the Company and the South Coast Air Quality Management District dated May 4, 1995.(3)
10.19	Thermoelectric Heating and Cooling for Electric Vehicles Program Contract between the Company and the State of California (Energy Resources and Development Commission) dated May 12, 1994.(3)
10.20	Agreement for the Multi-Year Electric Vehicle Running Chassis Program between the Company and CALSTART dated May 31, 1994.(3)

EXHIBIT NUMBER	DESCRIPTION
10.21	Modification No. 001 of Participation Agreement between the Company and CALSTART, dated October 9, 1995.(4)
10.22	Agreement for the Development of an Agile Assembly Line For the Production of Electric Vehicles and Components between the Company and CALSTART, Inc., dated November 9, 1995.(4)
10.23.1	Security and Loan Agreement, dated November 20, 1995, between the Company and Imperial Bank (the "Imperial Bank Agreement").(5)
10.23.2	First Amendment to Security and Loan Agreement and Addendum, Exhibit "A" Thereto, effective as of November 30, 1996.*
10.23.3	Credit Terms and Conditions, dated November 20, 1995, relating to the Imperial Bank Agreement.(5)
10.23.4	Modification to Security and Loan Agreement, effective as of June 26, 1996, entered into between the Company and Imperial Bank.*
10.23.5	Letter from Imperial Bank to the Company dated December 4, 1996 extending the term of the Company's credit line under the Imperial Bank Agreement until December 31, 1996.*
10.23.6	Letter from Imperial Bank to the Company dated February 3, 1997 extending the term of the Company's credit line under the Imperial Bank Agreement until January 31, 1997.
10.24	Stock Purchase Agreement and Registration Rights Agreement between the Company and Fidelity Copernicus Fund, L.P. and Fidelity Galileo Fund, L.P., dated December 29, 1995.(6)
10.25	Stock Purchase Agreement and Registration Rights Agreement between the Company and HBI Financial Inc., dated December 29, 1995.(6)
10.26	Amerigon Client Contract, dated April 1, 1996, between the Company and Technology Strategies & Alliances.*
10.27	Agreement, dated as of June 1, 1996, by and between the Company and the International Association of Machinists and Aerospace Workers, District Lodge 725.*
21.1	List of Subsidiaries*
23.1	Consent of Price Waterhouse LLP
23.2	Consent of O'Melveny & Myers LLP (contained in Exhibit 5.1)*
24.1	Power of Attorney*

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* Previously filed.

** Confidential treatment has been requested for a portion of this Exhibit.

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

(2) Previously filed as an exhibit to the Company's Annual Report on Form 10-KSB for the fiscal year ending December 31, 1993 and incorporated by reference.

(3) Previously filed as an exhibit to the Company's Annual Report on Form 10-KSB for the fiscal year ending December 31, 1994 and incorporated by reference.

(4) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 1995 and incorporated by reference.

(5) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed December 21, 1995 and incorporated by reference.

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

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to its Articles of Incorporation or Bylaws and the California General Corporations Law, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-2 and has duly caused this Amendment No. 2 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Monrovia, State of California, on February 4, 1997.

AMERIGON INCORPORATED

By: /s/ LON E. BELL

Lon E. Bell, Ph.D.
PRESIDENT, CHIEF EXECUTIVE OFFICER
AND CHAIRMAN OF THE BOARD

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ LON E. BELL Lon E. Bell	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	February 4, 1997
* Joshua M. Newman	Vice President of Corporate Development and Planning, Secretary and Director	February 4, 1997
* R. John Hamman, Jr.	Vice President of Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	February 4, 1997
* Roy A. Anderson	Director	February 4, 1997
* Roger E. Batzel	Director	February 4, 1997
* John W. Clark	Director	February 4, 1997

SIGNATURE	CAPACITY	DATE
*		
A. Stephens Hutchcraft, Jr.	Director	February 4, 1997
*		
Michael R. Peevey	Director	February 4, 1997
*		
Norman R. Prouty, Jr.	Director	February 4, 1997

*By: /s/ LON E. BELL
Lon E. Bell, Ph.D.
ATTORNEY-IN-FACT

17,000 Units

(each Unit consisting of (i) 280 shares of Class A Class A Common Stock, no par value, and (ii) 280 redeemable Class A Warrants to purchase one share of Class A Common Stock at an exercise price of $___ from the date of issuance through _____, 2002)

AMERIGON INCORPORATED

UNDERWRITING AGREEMENT

_____, 1997

D.H. Blair Investment Banking Corp.
44 Wall Street
New York, New York 10005

AMERIGON INCORPORATED, a California corporation (the "Company"), proposes to issue and sell to D.H. Blair Investment Banking Corp. ("you" or the "Underwriter") pursuant to this Underwriting Agreement (the "Agreement") an aggregate of 17,000 Units, each unit being hereinafter referred to as a "Unit" and consisting of (i) 280 shares of Class A Common Stock, no par value per share ("Shares"), and (ii) 280 redeemable Class A Warrants ("Class A Warrants"). Each Class A Warrant is exercisable from the date of issuance through _____, 2002, at an exercise price of $_____ to purchase one share of Class A Common Stock. The Class A Warrants may be referred to herein as the "Warrants." The Warrants are subject to redemption in certain instances commencing one year from the date of this Agreement. In addition, the Company proposes to grant to the Underwriter the option referred to in Section 2(b) to purchase all or any part of an aggregate of 2,550 additional Units. Unless the context otherwise indicates, the term "Units" shall include the 2,550 additional Units referred to above.

The aggregate of 17,000 Units to be sold by the Company, together with all or any part of the 2,550 Units which the Underwriter has the option to purchase, and the Shares and the Warrants comprising such Units, are herein called the "Units." The Class A Common Stock of the Company to be outstanding after giving effect to the sale of the Shares is herein called the "Class A Common Stock." The Shares and Warrants included in the Units (including the Units which the Underwriter has the option to purchase as described in Section 11 hereof) are herein collectively called the "Securities."

You have advised the Company that you desire to purchase the Units. The Company confirms the agreement made by it with respect to the purchase of the Units by you, as follows:

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with, the Underwriter that:

(a) A registration statement (File No. 333-17401) on Form S-2 relating to the public offering of the Units, including a form of prospectus subject to completion, copies of which have heretofore been delivered to you, has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission under the Act, and one or more amendments to such registration statement may have been so filed. After the execution of this Agreement, the Company will file with the Commission either (i) if such registration statement, as it may have been amended, has been declared by the Commission to be effective under the Act, either (A) if the Company relies on Rule 434 under the Act, a Term Sheet (as hereinafter defined) relating to the Units that shall identify the Preliminary Prospectus (as hereinafter defined) that it supplements containing such information as is required or permitted by Rules 434, 430A and 424(b) under the Act or (B) if the Company does not rely on Rule 434 under the Act, a prospectus in the form most recently included in an amendment to such registration statement (or, if no such amendment shall have been filed, in such registration statement), with such changes or insertions as are required by Rule 430A under the Act or permitted by Rule 424(b) under the Act, and in the case of either clause (i)(A) or (i)(B) of this sentence, as have been provided to and approved by you prior to the execution of this Agreement, or (ii) if such registration statement, as it may have been amended, has not been declared by the Commission to be effective under the Act, an amendment to such registration statement, including a form of prospectus, a copy of which amendment has been furnished to and approved by you prior to the execution of this Agreement.

As used in this Agreement, the term "Registration Statement" means such registration statement, as amended at the time when it was or is declared effective, including all exhibits thereto and including any information omitted therefrom pursuant to Rule 430A under the Act and included in the Prospectus (as hereinafter defined); the term "Preliminary Prospectus" means each prospectus subject to completion filed with such registration statement or any amendment thereto (including the prospectus subject to completion, if any, included in the Registration Statement or any amendment thereto at the time it was or is declared effective); the term "Prospectus" means (A) if the Company relies on Rule 434 under the Act, the Term Sheet relating to the Units that is first filed pursuant to Rule 424(b)(7) under the Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements, (B) if the Company does not rely on Rule 434 under the Act, the prospectus first filed with the Commission pursuant to Rule 424(b) under the Act or (C) if the Company does not rely on Rule 434 under the Act and if no prospectus is required to be filed pursuant to said Rule 424(b), such term means the prospectus included in the Registration Statement; except that if such registration statement or

prospectus is amended or such prospectus is supplemented, after the effective date of such registration statement and prior to the Option Closing Date (as hereinafter defined), the terms "Registration Statement" and "Prospectus" shall include such registration statement and prospectus as so amended, and the term "Prospectus" shall include the prospectus as so supplemented, or both, as the case may be; and the term "Term Sheet" means any term sheet that satisfies the requirements of Rule 434 under the Act. Any reference to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. At the time the Registration Statement becomes effective and at all times subsequent thereto up to and on the Closing Date (as hereinafter defined) or the Option Closing Date, as the case may be, (i) the Registration Statement and Prospectus will in all material respects conform to the requirements of the Act and the Rules and Regulations; and (ii) neither the Registration Statement nor the Prospectus will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make statements therein not misleading; provided, however, that the Company makes no representations, warranties or agreements as to information contained in or omitted from the Registration Statement or Prospectus in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of the Underwriter specifically for use therein or in the preparation thereof. It is understood that the statements set forth in the Prospectus on page 2 with respect to stabilization, under the heading "Underwriting" (other than the number and exercise price of warrants issued to the Underwriter in June 1993), under the heading "Risk Factors -- Possible Adverse Effect on Liquidity of the Company's Securities Due to the Investigation of D.H. Blair Investment Banking Corp. and D.H. Blair & Co., Inc. by the Securities and Exchange Commission," the first sentence under the heading "Risk Factors - --Adverse Effect on Liquidity Associated with Possible Restrictions on Market-Marking Activities in the Company's Securities" and the identity of counsel to the Underwriter under the heading "Legal Matters" constitute the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Registration Statement and Prospectus, as the case may be.

(c) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with full power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus and is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions in which the nature of its business or the character or location of its properties requires such qualification, except where failure to be so qualified will not materially adversely affect the Company's business, properties or financial condition, taken as a whole.

(d) The authorized, issued and outstanding capital stock of the Company as of September 30, 1996 is as set forth in the Prospectus under "Capitalization;" the shares of issued and outstanding capital stock of the Company set forth thereunder have been duly authorized, validly issued and are fully paid and non-assessable; except as set forth in the

Prospectus, no options, warrants, or other rights to purchase, agreements or other obligations to issue, or agreements or other rights to convert any obligation into, any shares of capital stock of the Company have been granted or entered into by the Company; and the capital stock conforms to all statements relating thereto contained in the Registration Statement and Prospectus.

(e) The Units and the Shares are duly authorized, and when issued and delivered against payment therefor pursuant to this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of preemptive rights of any security holder of the Company. Neither the filing of the Registration Statement nor the offering or sale of the Units as contemplated in this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any shares of Class A Common Stock, except as described in the Registration Statement.

The Warrants have been duly authorized and, when issued and delivered against payment therefor pursuant to this Agreement, will have been duly executed, issued and delivered and will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and by general principles of equity, and entitled to the benefits provided by the warrant agreement pursuant to which such Warrants are to be issued (the "Warrant Agreement"), which will be substantially in the form filed as an exhibit to the Registration Statement. The shares of Class A Common Stock issuable upon exercise of the Warrants have been reserved for issuance upon the exercise of the Warrants and when issued in accordance with the terms of the Warrants and the Warrant Agreement upon payment of the exercise price therefor, will be duly and validly authorized, validly issued, fully paid and non-assessable and free of preemptive rights and no personal liability will attach to the ownership thereof. The Warrant Agreement has been duly authorized and, when executed and delivered by the Company pursuant to this Agreement, will have been duly executed and delivered by the Company and will constitute the valid and legally binding obligation of the Company enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and by general principles of equity. The Warrants and the Warrant Agreement conform to the respective descriptions thereof in the Registration Statement and Prospectus.

The Shares and the Warrants contained in the Units subject to the Unit Purchase Option have been duly authorized and, when duly issued and delivered upon payment of the exercise price therefor, such Warrants will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and by general principles of equity, and entitled to the benefits provided by the Warrant Agreement. The Shares included in the Unit Purchase Option (and the shares of Class A Common Stock issuable upon exercise of such Warrants) when issued and sold in accordance with the terms of the Unit Purchase Option or the Warrants, as the case may be, will be duly authorized, validly issued, fully paid and non-assessable and free of preemptive rights and no personal liability will attach to the ownership thereof.

(f) This Agreement, the Unit Purchase Option and the Extension Agreement (the "M/A Agreement") extending the term of an existing agreement with you regarding mergers, acquisitions, joint ventures and certain other forms of transactions have been duly and validly authorized, executed and delivered by the Company. The Company has corporate power and authority to authorize, issue and sell the Units to be sold by it hereunder on the terms and conditions set forth herein, and no consent, approval, authorization or other order of any governmental authority is required in connection with such authorization, execution and delivery or with the authorization, issue and sale of the Units or the Unit Purchase Option, except such as may be required under the Act or state securities laws.

(g) Except as described in the Prospectus, the Company is not in violation, breach or default of or under, and consummation of the transactions herein contemplated and the fulfillment of the terms of this Agreement will not conflict with, or result in a material breach or violation of, any of the terms or provisions of, or constitute a material default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the articles of incorporation or the by-laws of the Company, as amended, or any material violation of any statute or any order, rule or regulation applicable to the Company of any court or of any regulatory authority or other governmental body having jurisdiction over the Company.

(h) Except as described in the Prospectus, the Company has good and marketable title to all properties and assets described in the Prospectus as owned by it, free and clear of all liens, charges, encumbrances or restrictions, except such as are not materially significant or important in relation to its business, all of the material leases and subleases under which the Company is the lessor or sublessor of properties or assets or under which the Company holds properties or assets as lessee or sublessee as described in the Prospectus are in full force and effect, and, except as described in the Prospectus, the Company is not in default in any material respect with respect to any of the terms or provisions of any of such leases or subleases, and no claim has been asserted by anyone adverse to rights of the Company as lessor, sublessor, lessee or sublessee under any of the leases or subleases mentioned above, or affecting or questioning the right of the Company to continued possession of the leased or subleased premises or assets under any such lease or sublease except as described or referred to in the Prospectus; and the Company owns or leases all such properties described in the Prospectus as are necessary to its operations as now conducted and, except as otherwise stated in the Prospectus, as proposed to be conducted as set forth in the Prospectus.

(i) Price Waterhouse L.L.P., who have given their reports on certain financial statements filed and to be filed with the Commission as a part of the Registration Statement, which are incorporated in the Prospectus, are with respect to the Company, independent public accountants as required by the Act and the Rules and Regulations.

(j) The financial statements, together with related notes, set forth in the Prospectus (or if the Prospectus is not in existence, the most recent Preliminary Prospectus) present fairly in all material respects the financial position and results of operations and changes in cash flow of the Company on the basis stated in the Registration Statement, at the respective dates and for the respective periods to which they apply. Said statements and related notes have been prepared in accordance with generally accepted accounting principles applied on a basis which is consistent during the periods involved, except for the absence of year-end adjustments to interim statements. The information set forth under the captions "Dilution," "Capitalization," and "Selected Financial Data" in the Prospectus fairly present, on the basis stated in the Prospectus, in all material respects the information included therein.

(k) Subsequent to the respective dates as of which information is given in the Registration Statement and Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus), except as contemplated thereby or in connection with the transactions contemplated by this Agreement, the Company has not incurred any liability or obligation, direct or contingent, not in the ordinary course of business, or entered into any transaction not in the ordinary course of business, which is material to the business of the Company, and there has not been any change in the capital stock of, or any incurrence of short-term or long-term debt by, the Company or any issuance of options, warrants or other rights to purchase the capital stock of the Company or any adverse change or any development involving, so far as the Company can now reasonably foresee a prospective adverse change in the condition (financial or other), net worth, results of operations, business, key personnel or properties of it which would be materially adverse to the business or financial condition of the Company, taken as a whole, and the Company has not become a party to, and neither the business nor the property of the Company has become the subject of, any material litigation whether or not in the ordinary course of business.

(l) Except as set forth in the Prospectus, there is not now pending or, to the knowledge of the Company, threatened, any action, suit or proceeding to which the Company is a party before or by any court or governmental agency or body, which might result in any material adverse change in the condition (financial or other), business prospects, net worth, or properties of the Company, taken as a whole, nor are there any such actions, suits or proceedings related to environmental matters or related to discrimination on the basis of age, sex, religion or race, and no labor disputes involving the employees of the Company exist or, to the knowledge of the Company, are threatened which might be expected to materially adversely affect the conduct of the business, property or operations or the financial condition or results of operations of the Company.

(m) Except as disclosed in the Prospectus, the Company has filed all necessary federal, state and foreign income and franchise tax returns and has paid or is contesting in good faith all taxes shown as due thereon; and there is no tax deficiency which has been or to the knowledge of the Company is reasonably likely to be asserted against the Company.

(n) Except as described in the Prospectus, the Company has sufficient licenses, permits and other governmental authorizations currently required for the conduct of its business or the ownership of its properties as described in the Prospectus and is in all material respects complying therewith and owns or possesses adequate rights to use all material patents, patent applications, trademarks, service marks, trade-names, trademark registrations, service mark registrations, copyrights and licenses necessary for the conduct of such business and has not received any notice of conflict with the asserted rights of others in respect thereof. To the knowledge of the Company, none of the activities or business of the Company are in violation of, or cause the Company to violate, any law, rule, regulation or order of the United States, any state, county or locality, or of any agency or body of the United States or of any state, county or locality, the violation of which would have a material adverse impact upon the condition (financial or otherwise), business, property, prospective results of operations, or net worth of the Company, taken as a whole.

(o) The Company has not, directly or indirectly, at any time (i) made any contributions to any candidate for political office, or failed to disclose fully any such contribution in violation of law or (ii) made any payment to any state, federal or foreign governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments or contributions required or allowed by applicable law. The Company's internal accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

(p) On the Closing Dates (hereinafter defined) all transfer or other taxes (including franchise, capital stock or other tax, other than income taxes, imposed by any jurisdiction), if any, which are required to be paid in connection with the sale and transfer of the Units to the Underwriter hereunder will have been fully paid or provided for by the Company and all laws imposing such taxes will have been fully complied with.

(q) All contracts and other documents of the Company which are, under the Rules and Regulations, required to be filed as exhibits to the Registration Statement have been so filed.

(r) The Company has not taken and will not take, directly or indirectly, any action designed to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the shares of Class A Common Stock to facilitate the sale or resale of the Units hereby.

(s) Except as set forth in Schedule 1(s) hereto, the Company has no subsidiaries and except as described or referenced in the Prospectus, the Company does not own, directly or indirectly, any capital stock or other equity ownership or proprietary interests in any other corporation, association, trust, partnership, joint venture or other entity. Schedule 1(s) sets forth the jurisdiction of incorporation of each subsidiary (the "Subsidiaries") of the Company and the amount and percentage of capital stock of such subsidiary owned by the Company, which

capital stock is owned by the Company, except as described in the Prospectus, free and clear of all liens, security interests and encumbrances.

(t) The Company has not entered into any agreement pursuant to which any person is entitled either directly or indirectly to compensation from the Company for services as a finder in connection with the proposed public offering.

(u) Except as previously disclosed in writing by the Company to the Underwriter, to the Company's knowledge after due inquiry, no officer, director, 5% shareholder or 1% shareholder of the Company has any affiliation or association with any member of the National Association of Securities Dealers Inc. ("NASD").

(v) The Company is not, and upon receipt of the proceeds from the sale of the Units will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

(w) The Company has not distributed and will not distribute prior to the First Closing Date any offering material in connection with the offering and sale of the Units other than the Preliminary Prospectus, Prospectus, the Registration Statement or the other materials permitted by the Act, if any.

(x) The conditions for use of Form S-2, as set forth in the General Instructions thereto, have been satisfied.

(y) There are no business relationships or related-party transactions of the nature described in Item 404 of Regulation S-K involving the Company, the Subsidiaries and any person described in such Item that are required to be disclosed in the Prospectus (or, if the Prospectus is not in existence, the most recent Preliminary Prospectus) and that have not been so disclosed.

(z) The Company has complied with all provisions of Section 517.075 Florida Statutes relating to doing business with the government of Cuba or with any person or affiliate located in Cuba.

2. PURCHASE, DELIVERY AND SALE OF THE UNITS.

(a) Subject to the terms and conditions of this Agreement, and upon the basis of the representations, warranties, and agreements herein contained, the Company agrees to issue and sell to the Underwriter, and the Underwriter agrees to buy from the Company at $_____ per Unit, at the place and time hereinafter specified, 17,000 Units (the "First Units").

Delivery of the First Units against payment therefor shall take place at the offices of D.H. Blair Investment Banking Corp., 44 Wall Street, New York, N.Y. (or at such other place as may be designated by agreement between you and the Company) at 10:00 a.m.,

New York time, on _____, 1997 or at such later time and date as you and the Company may agree, such time and date of payment and delivery for the First Units being herein called the "First Closing Date."

(b) In addition, subject to the terms and conditions of this Agreement, and upon the basis of the representations, warranties and agreements herein contained, the Company hereby grants an option to the Underwriter to purchase all or any part of an aggregate of an additional 2,550 Units at the same price per Unit as the Underwriter shall pay for the First Units being sold pursuant to the provisions of subsection (a) of this Section 2 (such additional Units being referred to herein as the "Option Units"). This option may be exercised within 45 days after the effective date of the Registration Statement upon notice by the Underwriter to the Company advising as to the amount of Option Units as to which the option is being exercised, the names and denominations in which the certificates for such Option Units are to be registered and the time and date when such certificates are to be delivered. Such time and date shall be designated by the Underwriter but shall not be earlier than four nor later than ten full business days after the exercise of said option, nor in any event prior to the First Closing Date, and such time and date is referred to herein as the "Option Closing Date." Delivery of the Option Units against payment therefor shall take place at the offices of D.H. Blair Investment Banking Corp., 44 Wall Street, New York, N.Y. The Option granted hereunder may be exercised only to cover overallotments in the sale by the Underwriter of First Units referred to in subsection (a) above. In the event the Company declares or pays a dividend or distribution on its Class A Common Stock, whether in the form of cash, shares of Class A Common Stock or any other consideration, prior to the Option Closing Date, such dividend or distribution shall also be paid on the Option Units on the Option Closing Date.

(c) The Company will make the certificates for the securities comprising the Units to be purchased by the Underwriter hereunder available to you for checking one full business day prior to the First Closing Date or the Option Closing Date (which are collectively referred to herein as the "Closing Dates"). The certificates shall be in such names and denominations as you may request, at least two full business days prior to the Closing Dates. Time shall be of the essence and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriter.

Definitive certificates in negotiable form for the Securities comprising the Units to be purchased by the Underwriter hereunder will be delivered by the Company to you against payment of the purchase price, by certified or bank cashier's checks in New York Clearing House funds, payable to the order of the Company.

In addition, in the event the Underwriter exercises the option to purchase from the Company all or any portion of the Option Units pursuant to the provisions of subsection (b) above, payment for such Units shall be made to or upon the order of the Company by certified or bank cashier's checks payable in New York Clearing House funds at the offices of D.H. Blair Investment Banking Corp., at the time and date of delivery of such Units as required by the provisions of subsection (b) above, against receipt of the certificates for the Securities

comprising the Option Units by the Underwriter registered in such names and in such denominations as the Underwriter may request.

It is understood that you propose to offer the Units to be purchased hereunder to the public upon the terms and conditions set forth in the Registration Statement, after the Registration Statement becomes effective.

3. COVENANTS OF THE COMPANY. The Company covenants and agrees with the Underwriter that:

(a) The Company will use its best efforts to cause the Registration Statement to become effective as promptly as possible. If required, the Company will file the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Act. Upon notification from the Commission that the Registration Statement has become effective, the Company will so advise you and will not at any time, whether before or after the effective date, file the Prospectus, Term Sheet or any amendment to the Registration Statement or supplement to the Prospectus of which you shall not previously have been advised and furnished with a copy or to which you or your counsel shall have objected in writing or which is not in compliance with the Act and the Rules and Regulations. At any time prior to the later of (A) the completion by the Underwriter of the distribution of the Units contemplated hereby (but in no event more than nine months after the date on which the Registration Statement shall have become or been declared effective) and (B) 25 days after the date on which the Registration Statement shall have become or been declared effective, the Company will prepare and file with the Commission, promptly upon your request, any amendments or supplements to the Registration Statement or Prospectus which, in your reasonable opinion, may be necessary or advisable in connection with the distribution of the Units.

As soon as the Company is advised thereof, the Company will advise you, and confirm the advice in writing, of the receipt of any comments of the Commission, of the effectiveness of any post-effective amendment to the Registration Statement, of the filing of any supplement to the Prospectus or any amended Prospectus, of any request made by the Commission for amendment of the Registration Statement or for supplementing of the Prospectus or for additional information with respect thereto, of the issuance by the Commission or any state or regulatory body of any stop order or other order or threat thereof suspending the effectiveness of the Registration Statement or any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Units for offering in any jurisdiction, or of the institution of any proceedings for any of such purposes, and will use its best efforts to prevent the issuance of any such order, and, if issued, to obtain as soon as possible the lifting thereof.

The Company has caused to be delivered to you copies of each Preliminary Prospectus, and the Company has consented and hereby consents to the use of such copies for the purposes permitted by the Act. The Company authorizes the Underwriter and

dealers to use the Prospectus in connection with the sale of the Units for such period as in the opinion of counsel to the Underwriter the use thereof is required to comply with the applicable provisions of the Act and the Rules and Regulations. In case of the happening at any time within such period as a Prospectus is required under the Act to be delivered in connection with sales by an underwriter or dealer of any event of which the Company has knowledge and which materially affects the Company or the securities of the Company, or which in the opinion of counsel for the Company or counsel for the Underwriter should be set forth in an amendment to the Registration Statement or a supplement to the Prospectus in order to make the statements therein not then misleading in light of the circumstances existing at the time the Prospectus is required to be delivered to a purchaser of the Units, or in case it shall be necessary to amend or supplement the Prospectus to comply with law or with the Rules and Regulations, the Company will notify you promptly and forthwith prepare and furnish to you copies of such amended Prospectus or of such supplement to be attached to the Prospectus, in such quantities as you may reasonably request, in order that the Prospectus, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material facts necessary in order to make the statements in the Prospectus, in the light of the circumstances under which they are made, not misleading. The preparation and furnishing of any such amendment or supplement to the Registration Statement or amended Prospectus or supplement to be attached to the Prospectus shall be without expense to the Underwriter, except that in case the Underwriter is required, in connection with the sale of the Units to deliver a Prospectus nine months or more after the effective date of the Registration Statement, the Company will upon request of and at the expense of the Underwriter, amend or supplement the Registration Statement and Prospectus and furnish the Underwriter with reasonable quantities of prospectuses complying with Section 10(a)(3) of the Act.

The Company will comply with the Act, the Rules and Regulations and the Securities Exchange Act of 1934 and the rules and regulations thereunder in connection with the offering and issuance of the Units.

(b) The Company will use its best efforts to qualify to register the Units for sale under the securities or "blue sky" laws of such jurisdictions as the Underwriter may designate and will make such applications and furnish such information as may be required for that purpose and to comply with such laws, provided the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to execute a general consent of service of process in any jurisdiction in any action other than one arising out of the offering or sale of the Units. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for so long a period as the Underwriter may reasonably request.

(c) If the sale of the Units provided for herein is not consummated for any reason caused by the Company, the Company shall pay all costs and expenses incident to the performance of the Company's obligations hereunder, as set forth in Section 8.

(d) The Company will use its best efforts, if requested by the Underwriter, to obtain and keep current a listing in the Standard & Poors or Moody's Industrial OTC Manual.

(e) For so long as the Company is a reporting company under either Section 12(g) or 15(d) of the Securities Exchange Act of 1934, the Company, at its expense, will furnish to its shareholders an annual report (including financial statements audited by independent public accountants), in reasonable detail and at its expense, will furnish to you during the period ending five (5) years from the date hereof, (i) as soon as practicable after the end of each fiscal year, a balance sheet of the Company and any of its subsidiaries as at the end of such fiscal year, together with statements of income, surplus and cash flow of the Company and any subsidiaries for such fiscal year, all in reasonable detail and accompanied by a copy of the certificate or report thereon of independent accountants; (ii) as soon as practicable after the end of each of the first three fiscal quarters of each fiscal year, consolidated summary financial information of the Company for such quarter in reasonable detail; (iii) as soon as they are available, a copy of all reports (financial or other) mailed to security holders; (iv) as soon as they are available, a copy of all non-confidential reports and financial statements furnished to or filed with the Commission or any securities exchange or automated quotation system on which any class of securities of the Company is listed; and (v) such other information as you may from time to time reasonably request.

(f) In the event the Company has an active subsidiary or subsidiaries, such financial statements referred to in subsection (e) above will be on a consolidated basis to the extent the accounts of the Company and its subsidiary or subsidiaries are consolidated in reports furnished to its shareholders generally.

(g) The Company will deliver to you at or before the First Closing Date at least one signed copy of the Registration Statement including all financial statements and exhibits filed therewith, and of all amendments thereto, and will deliver to you such number of conformed copies of the Registration Statement, including such financial statements but without exhibits, and of all amendments thereto, as the Underwriter may reasonably request. The Company will deliver to or upon the order of the Underwriter, from time to time until the effective date of the Registration Statement, as many copies of any Preliminary Prospectus filed with the Commission prior to the effective date of the Registration Statement as the Underwriter may reasonably request. The Company will deliver to the Underwriter on the effective date of the Registration Statement and thereafter for so long as a Prospectus is required to be delivered under the Act, from time to time, as many copies of the Prospectus, in final form, or as thereafter amended or supplemented, as the Underwriter may from time to time reasonably request. The Company, not later than (i) 5:00 p.m., New York City time, on the date of determination of the public offering price, if such determination occurred at or prior to 12:00 noon, New York City time, on such date or (ii) 6:00 p.m., New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 12:00 noon, New York City time, on such date, will deliver to the Underwriter, without charge, as many copies of the Prospectus and any amendment or supplement thereto as the Underwriter may

reasonably request for purposes of confirming orders that are expected to settle on the First Closing Date.

(h) The Company will make generally available to its security holders and to the registered holders of its Warrants and deliver to you as soon as it is practicable to do so but in no event later than 90 days after the end of twelve months after its current fiscal quarter, an earnings statement (which need not be audited) covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which shall satisfy the requirements of Section 11(a) of the Act.

(i) The Company will apply the net proceeds from the sale of the Units for the purposes set forth under "Use of Proceeds" in the Prospectus. The Company shall not use any of the proceeds from the Offering to repay any indebtedness of the Company, including but not limited to indebtedness to any current executive officers, directors or principal shareholders of the Company; provided, that a portion of the proceeds will be used to repay the Bridge Notes, a portion of the proceeds may be used to repay bank debt and trade payables and, upon the repayment in full and termination of the Company's Imperial Bank loan, a portion of the proceeds may be used to repay loans from Lon E. Bell Ph.D. (not to exceed $500,000) and to pay deferred wages to executive officers and founders of the Company (up to a maximum of $75,000).

(j) The Company will, promptly upon your request, prepare and file with the Commission any amendments or supplements to the Registration Statement, Preliminary Prospectus or Prospectus and take any other action, which in the reasonable opinion of Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter, may be reasonably necessary or advisable in connection with the distribution of the Units, and will use its best efforts to cause the same to become effective as promptly as possible.

(k) The Company will, prior to the Effective Date of the Registration Statement, and at all times thereafter, have authorized and reserved sufficient shares of Class A Common Stock issuable upon exercise of the Warrants included in the Units, upon exercise of the Unit Purchase Option to be issued to the Underwriter (including the Warrants included therein) and upon exercise of the Warrants included in the Underwriter's Option Units.

(l) The Underwriter shall receive agreements from each officer and director of the Company, each stockholder holding in excess of 5% of the outstanding Common Stock (except for HBI Financial, The Copernicus Fund, L.P. and The Galileo Fund, L.P.) and each other stockholder known by the Company to hold in excess of 1% of the outstanding Common Stock to the effect that (i) such stockholder shall not publicly sell, assign or transfer any of their securities of the Company for a period of 13 months from the First Closing Date (other than (A) bona fide gifts and transfers to trusts for estate planning purposes where the transferee agrees to be bound by this provision and (B) the sale of shares owned by Lon E. Bell, Ph.D. pursuant to the exercise, by the holders thereof, of options on such shares previously granted by Dr. Bell); (ii) such stockholder shall not exercise any preemptive rights which it

might hold with respect to the Offering; and (iii) such stockholder waives any registration rights it may have with respect to the Offering and for a period of 13 months thereafter. In order to enforce this covenant, the Company shall impose stop-transfer instructions with respect to the shares owned by such shareholders until the end of such period.

(m) Prior to completion of this offering, the Company will make all filings required to obtain the listing of the Warrants on the Nasdaq SmallCap Market or a listing on such other market or exchange as the Underwriter consents to, and will effect and use its best efforts to maintain such listing for at least five years from the date of this Agreement.

(n) The Company and Lon E. Bell, Ph.D. represent that it or he has not taken and agree that it or he will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of the Units, Shares or the Warrants or to facilitate the sale or resale of the Securities.

(o) On the Closing Date and simultaneously with the delivery of the Units, the Company shall execute and deliver to you the Unit Purchase Option. The Unit Purchase Option will be substantially in the form of the Underwriter's Unit Purchase Option filed as an Exhibit to the Registration Statement.

(p) During the 18 month period commencing on the date of this Agreement, the Company will not, without the prior written consent of the Underwriter, grant any options to employees to purchase shares of Class A Common Stock at an exercise price less than the fair market value of the Class A Common Stock on the date of grant. During the three year period from the First Closing Date, the Company will not, without the prior written consent of the Underwriter, offer or sell any of its securities pursuant to Regulation S under the Act.

(q) Lon E. Bell, Ph.D. shall be the Chief Executive Officer, President and Chairman of the Board and Joshua M. Newman shall be the Vice President - Corporate Development and Planning of the Company on the Closing Dates. Prior to completion of this offering, the Company will have obtained key person life insurance on the lives of each of Dr. Bell and Mr. Newman in an amount of not less than $2 million and will use its best efforts to maintain such insurance for a minimum period of either three years from the Effective Date of the Registration Statement or the respective terms of the employment agreements between the Company and such officers, whichever period is longer. For a period of thirteen months from the First Closing Date, the cash compensation of the executive officers of the Company shall not be increased from the cash compensation levels disclosed in the Prospectus.

(r) On the Closing Date, and simultaneously with the delivery of the Units, the Company shall execute and deliver to you the M/A Agreement.

(s) So long as any Warrants are outstanding, the Company shall use its best efforts to cause post-effective amendments to the Registration Statement to become

effective in compliance with the Act and without any lapse of time between the effectiveness of any such post-effective amendments and cause a copy of each Prospectus, as then amended, to be delivered to each holder of record of a Warrant and to furnish to you and each dealer as many copies of each such Prospectus as you or such dealer may reasonably request. The Company shall not call for redemption any of the Warrants unless a registration statement covering the securities underlying the Warrants has been declared effective by the Commission and remains current at least until the date fixed for redemption. In addition, for so long as any Warrant is outstanding, the Company will promptly notify the Underwriter of any material change in the business, financial condition or prospects of the Company; provided, that the Company shall not be required to disclose confidential information regarding any contemplated transactions.

(t) Upon the exercise of any Warrant or Warrants (except for Warrants included in the Unit Purchase Option) after _____, 1998, the Company will pay D.H. Blair Investment Banking Corp. a fee of 5% of the aggregate exercise price of the Warrants, of which a portion may be reallowed to the dealer who solicited the exercise (which may also be D.H. Blair Investment Banking Corp.) if (i) the market price of the Company's Common Stock is greater than the exercise price of the Warrants on the date of exercise; (ii) the exercise of the Warrant was solicited by a member of the National Association of Securities Dealers, Inc., as designated in writing on the warrant certificate subscription form; (iii) the Warrant is not held in a discretionary account; (iv) the disclosure of compensation arrangements has been made in documents provided to customers, both as part of the original offering and at the time of exercise, and (v) the solicitation of the Warrant was not in violation of Rule 10b-6 promulgated under the Securities Exchange Act of 1934, as amended. The Company agrees not to solicit the exercise of any Warrants other than through D.H. Blair Investment Banking Corp. and will not authorize any other dealer to engage in such solicitation without the prior written consent of D.H. Blair Investment Banking Corp.

(u) For a period of five (5) years from the Effective Date of the Registration Statement, the Company (i) at its expense, shall cause its regularly engaged independent certified public accountants to review (but not audit) the Company's financial statements for each of the first three (3) fiscal quarters prior to the announcement of quarterly financial information, the filing of the Company's 10-Q quarterly report and the mailing of quarterly financial information to shareholders and (ii) shall not change its accounting firm to other than a "Big Six" firm without the prior written consent of the Chairman or the President of the Underwriter, which consent shall not be unreasonably withheld or delayed.

(v) As promptly as practicable after the Closing Date, the Company will prepare, at its own expense, hard cover "bound volumes" relating to the offering, and will distribute at least four of such volumes to the individuals designated by the Underwriter or counsel to the Underwriter.

(w) Prior to the First Closing Date, (i) the Company will have at least two (2) non-affiliated members on its Board of Directors; and (ii) the Company shall engage a public relations firm reasonably acceptable to the Underwriter.

(x) For a period of five years from the First Closing Date, D.H. Blair Investment Banking Corp. shall have the right, but not the obligation, to designate one director of the Board of Directors of the Company.

(y) The Company shall, for a period of six years after date of this Agreement, submit such reports to the Secretary of the Treasury and to shareholders as such Secretary may require pursuant to Section 1202 of the Internal Revenue Code, as amended, or regulations promulgated thereunder, in order for the Company to qualify as a "small business" so that shareholders may realize special tax treatment with respect to their investment in the Company.

(z) With five (5) business days after the Effective Date, the Company will file with the Commission, and use its best efforts to cause to become effective, a registration statement on Form S-3 relating to the Selling Securityholder Securities (as defined in the Prospectus).

4. CONDITIONS TO UNDERWRITER'S OBLIGATIONS. The obligations of the Underwriter to purchase and pay for the Units which it has agreed to purchase hereunder, are subject to the accuracy (as of the date hereof, and as of the Closing Dates) of and compliance with the representations and warranties of the Company herein and to the performance by the Company of its obligations hereunder, and to the following conditions:

(a) The Registration Statement shall have become effective and you shall have received notice thereof not later than 10:00 A.M., New York time, on the date on which the amendment to the registration statement originally filed with respect to the Units or to the Registration Statement, as the case may be, containing information regarding the public offering price of the Units has been filed with the Commission, or such later time and date as shall have been agreed to by you; if required, the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rule 434 and 424(b) under the Act; on or prior to the Closing Dates no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that or a similar purpose shall have been instituted or shall be pending or, to your knowledge or to the knowledge of the Company, shall be contemplated by the Commission; any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter;

(b) At the First Closing Date, you shall have received the opinion, dated as of the First Closing Date, of O'Melveny & Myers LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriter.

In rendering such opinion, such counsel may rely upon the Company's representations and warranties in this Agreement and upon certificates of any officer of the Company or public officials as to matters of fact; and may rely as to all matters of law other than

the law of the United States or of the State of California upon opinions of counsel satisfactory to you, in which case the opinion shall state that they have no reason to believe that you and they are not entitled to so rely.

(c) At the First Closing Date, you shall have received the opinion, dated as of the First Closing Date, of Christie, Parker & Hale, LLP, patent counsel for the Company, in form and substance satisfactory to counsel for the Underwriter.

(d) All corporate proceedings and other legal matters relating to this Agreement, the Registration Statement, the Prospectus and other related matters shall be reasonably satisfactory to or reasonably approved by Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter, and you shall have received from such counsel a signed opinion, dated as of the First Closing Date, with respect to the validity of the issuance of the Units, the form of the Registration Statement and Prospectus (other than the financial statements and other financial data contained therein), the execution of this Agreement and other related matters as you may reasonably require. The Company shall have furnished to counsel for the Underwriter such documents as they may reasonably request for the purpose of enabling them to render such opinion.

(e) You shall have received a letter prior to the effective date of the Registration Statement and again on and as of the First Closing Date from Price Waterhouse LLP, independent public accountants for the Company, substantially in the form approved by you, and including estimates of the Company's revenues and results of operations for the period ending at the end of the month immediately preceding the effective date and results of the comparable period during the prior fiscal year.

(f) At the Closing Dates, (i) the representations and warranties of the Company contained in this Agreement shall be true and correct with the same effect as if made on and as of the Closing Dates and the Company shall have performed all of its obligations hereunder and satisfied all the conditions on its part to be satisfied at or prior to such Closing Date; (ii) the Registration Statement and the Prospectus and any amendments or supplements thereto shall contain all statements which are required to be stated therein in accordance with the Act and the Rules and Regulations, and shall in all material respects conform to the requirements thereof, and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) there shall have been, since the respective dates as of which information is given, no material adverse change, or any development involving a prospective material adverse change, in the business, properties, condition (financial or otherwise), results of operations, capital stock, long-term or short-term debt or general affairs of the Company from that set forth in the Registration Statement and the Prospectus, except changes which the Registration Statement and Prospectus indicate might occur after the effective date of the Registration Statement, and the Company shall not have incurred any material liabilities or entered into any material agreement not in the ordinary course of business other than as referred to in the

Registration Statement and Prospectus; and (iv) except as set forth in the Prospectus, no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Company, threatened against the Company which would be required to be set forth in the Registration Statement, and no proceedings shall be pending or threatened against the Company before or by any commission, board or administrative agency in the United States or elsewhere, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, property, condition (financial or otherwise), results of operations or general affairs of the Company, and (v) you shall have received, at the First Closing Date, a certificate signed by each of the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated as of the First Closing Date, evidencing compliance with the provisions of this subsection (f).

(g) Upon exercise of the option provided for in Section 2(b) hereof, the obligations of the Underwriter to purchase and pay for the Option Units referred to therein will be subject (as of the date hereof and as of the Option Closing Date) to the following additional conditions:

(i) The Registration Statement shall remain effective at the Option Closing Date, and no stop order suspending the effectiveness thereof shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending, or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any reasonable request on the part of the Commission for additional information shall have been complied with to the satisfaction of Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter.

(ii) At the Option Closing Date there shall have been delivered to you the signed opinions of O'Melveny & Myers LLP, counsel for the Company, and Christie, Parker & Hale, LLP, patent counsel for the Company, each dated as of the Option Closing Date, in form and substance satisfactory to Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter, which opinions shall be substantially the same in scope and substance as the opinions furnished to you at the First Closing Date pursuant to Sections 4(b) and 4(c) hereof, except that such opinions, where appropriate, shall cover the Option Units.

(iii) At the Option Closing Date there shall have been delivered to you a certificate of the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated the Option Closing Date, substantially the same in scope and substance as the certificate furnished to you at the First Closing Date pursuant to Section 4(f) hereof.

(iv) At the Option Closing Date there shall have been delivered to you a letter in form and substance satisfactory to you from Price Waterhouse LLP, dated the Option Closing Date and addressed to the Underwriter confirming the information in their letter referred to in Section 4(e) hereof and stating that nothing has come to their attention during the period from the ending date of their review referred to in said letter to a date not more than five business days prior to the Option Closing Date which would require any change in said letter if it were required to be dated the Option Closing Date.

(v) All proceedings taken at or prior to the Option Closing Date in connection with the sale and issuance of the Option Units shall be reasonably satisfactory in form and substance to you, and you and Bachner, Tally, Polevoy & Misher LLP, counsel to the Underwriter, shall have been furnished with all such documents, certificates, and opinions as you may reasonably request in connection with this transaction in order to evidence the accuracy and completeness of any of the representations, warranties or statements of the Company or its compliance with any of the covenants or conditions contained herein.

(h) No action shall have been taken by the Commission or the NASD the effect of which would make it improper, at any time prior to the Closing Date, for members of the NASD to execute transactions (as principal or agent) in the Units, Class A Common Stock or the Warrants and no proceedings for the taking of such action shall have been instituted or shall be pending, or, to the knowledge of the Underwriter or the Company, shall be contemplated by the Commission or the NASD. The Company represents that at the date hereof it has no knowledge that any such action is in fact contemplated by the Commission or the NASD. The Company shall have advised the Underwriter of any NASD affiliation of any of its officers, directors, shareholders or their affiliates.

(i) If any of the conditions herein provided for in this Section shall not have been fulfilled as of the date indicated, this Agreement and all obligations of the Underwriter under this Agreement may be cancelled at, or at any time prior to, each Closing Date by you. Any such cancellation shall be without liability of the Underwriter to the Company.

5. CONDITION TO THE OBLIGATIONS OF THE COMPANY. The obligations of the Company to sell and deliver the Units is subject to the condition that at the Closing Dates, no stop orders suspending the effectiveness of the Registration Statement shall have been issued under the Act or any proceedings therefor initiated or threatened by the Commission.

If the condition to the obligations of the Company provided for in this Section has been fulfilled on the First Closing Date but is not fulfilled after the First Closing Date and prior to the Option Closing Date, then only the obligation of the Company to sell and deliver the Units on exercise of the option provided for in Section 2(b) hereof shall be affected.

6. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls the Underwriter within the meaning of the Act against any losses, claims, damages or liabilities, joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees), to which the Underwriter or such controlling person may become subject, under the Act or otherwise, and will reimburse, as incurred, the Underwriter and such controlling persons for any reasonable legal or other expenses reasonably incurred in connection with investigating, defending against or appearing as a third party witness in connection with any losses, claims, damages or liabilities, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, (B) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Units under the securities laws thereof (any such application, document or information being hereinafter called a "Blue Sky Application"), or arise out of or are based upon the omission or alleged omission to state in the Registration Statement, any Preliminary Prospectus, Prospectus, or any amendment or supplement thereto, or in any Blue Sky Application, a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Underwriter specifically for use in the preparation of the Registration Statement or any such amendment or supplement thereof or any such Blue Sky Application or any such Preliminary Prospectus or the Prospectus or any such amendment or supplement thereto; and provided, further, that the Company will not be liable in any such case to the extent that any such loss, claim, liability, expense or damage is asserted by any person if such person did not receive a coy of the Prospectus (or the Prospectus as amended or supplemented) at or prior to the confirmation of the sale of such shares to such person in any case where such delivery is required by the Act and the untrue statement or omission of a material fact contained in the Preliminary Prospectus (or the Prospectus) was corrected in the Prospectus (or the Prospectus as amended or supplemented). This indemnity will be in addition to any liability which the Company may otherwise have.

(b) The Underwriter will indemnify and hold harmless the Company, each of its directors, each nominee (if any) for director named in the Prospectus, each of its officers who have signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, against any losses, claims, damages or liabilities (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees) to which the Company or any such director, nominee, officer or controlling person may become subject under the Act or otherwise,

insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Underwriter specifically for use therein or in the preparation thereof. This indemnity agreement will be in addition to any liability which the Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify in writing the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, subject to the provisions herein stated, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. The indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the indemnified party; provided that if the indemnified party is the Underwriter or a person who controls the Underwriter within the meaning of the Act, the fees and expenses of such counsel shall be at the expense of the indemnifying party if (i) the employment of such counsel has been specifically authorized in writing by the indemnifying party or (ii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party and in the reasonable judgment of the indemnified party, it is advisable for the indemnified party to be represented by separate counsel (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the indemnified party). No settlement of any action against an indemnified party shall be made without the

consent of the indemnifying party, which shall not be unreasonably withheld in light of all factors of importance to such indemnifying party.

7. CONTRIBUTION.

In order to provide for just and equitable contribution under the Act in any case in which (i) the Underwriter makes claim for indemnification pursuant to Section 6 hereof but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that the express provisions of Section 6 provide for indemnification in such case, or (ii) contribution under the Act may be required on the part of the Underwriter, then the Company and the Underwriter shall contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees) in either such case (after contribution from others) in such proportions that the Underwriter is responsible in the aggregate for that portion of such losses, claims, damages or liabilities represented by the percentage that the underwriting discount per Unit appearing on the cover page of the Prospectus bears to the public offering price appearing thereon, and the Company shall be responsible for the remaining portion, provided, however, that if such allocation is not permitted by applicable law then the relative fault of the Company and the Underwriter in connection with the statements or omissions which resulted in such damages and other relevant equitable considerations shall also be considered. The relative fault shall be determined by reference to, among other things, whether in the case of an untrue statement of a material fact or the omission to state a material fact, such statement or omission relates to information supplied by the Company or the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriter agree that it would not be just and equitable if the respective obligations of the Company and the Underwriter to contribute pursuant to this Section 7 were to be determined by pro rata or per capita allocation of the aggregate damages or by any other method of allocation that does not take account of the equitable considerations referred to in the first sentence of this Section 7. No person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. If the full amount of the contribution specified in this paragraph is not permitted by law, then the Underwriter and each person who controls the Underwriter shall be entitled to contribution from the Company to the full extent permitted by law. The foregoing contribution agreement shall in no way affect the contribution liabilities of any persons having liability under Section 11 of the Act other than the Company and the Underwriter. No contribution shall be requested with regard to the settlement of any matter from any party who did not consent to the settlement; provided, however, that such consent shall not be unreasonably withheld in light of all factors of importance to such party.

8. COSTS AND EXPENSES.

(a) Whether or not this Agreement becomes effective or the sale of the Units to the Underwriter is consummated, the Company will pay all costs and expenses incident to the performance of this Agreement by the Company including, but not limited to, the fees and expenses of counsel to the Company and of the Company's accountants; the costs and expenses incident to the preparation, printing, filing and distribution under the Act of the Registration Statement (including the financial statements therein and all amendments and exhibits thereto), Preliminary Prospectus and the Prospectus, as amended or supplemented, or the Term Sheet, the fee of the NASD in connection with the filing required by the NASD relating to the offering of the Units contemplated hereby; all expenses, including reasonable fees and disbursements of counsel to the Underwriter, in connection with the qualification of the Units under the state securities or blue sky laws which the Underwriter shall designate; the cost of printing and furnishing to the Underwriter copies of the Registration Statement, each Preliminary Prospectus, the Prospectus, this Agreement, the Selling Agreement and the Blue Sky Memorandum, any fees relating to the listing of the Units, Class A Common Stock and Warrants on the Nasdaq SmallCap Market or any other securities exchange, the cost of printing the certificates representing the securities comprising the Units, the fees of the transfer agent and warrant agent and the cost of publication of at least two "tombstones" of the offering (at least one of which shall be in national business newspaper and one of which shall be in a major New York newspaper) and the cost of preparing at least four hard cover "bound volumes" relating to the offering, in accordance with the Underwriter's request. The Company shall pay any and all taxes (including any transfer, franchise, capital stock or other tax imposed by any jurisdiction) on sales to the Underwriter hereunder. The Company will also pay all costs and expenses incident to the furnishing of any amended Prospectus or of any supplement to be attached to the Prospectus as called for in Section 3(a) of this Agreement except as otherwise set forth in said Section.

(b) In addition to the foregoing expenses the Company shall at the First Closing Date pay to D.H. Blair Investment Banking Corp. in its individual rather than representative capacity, a non-accountable expense allowance of $_____ of which $40,000 has been paid. In the event the overallotment option is exercised, the Company shall pay to D.H. Blair Investment Banking Corp. at the Option Closing Date an additional amount equal to 3% of the gross proceeds received upon exercise of the overallotment option. In the event the transactions contemplated hereby are not consummated by reason of any action by the Underwriter (except if such prevention is based upon a breach by the Company of any covenant, representation or warranty contained herein or because any other condition to the Underwriter's obligations hereunder required to be fulfilled by the Company is not fulfilled), the Company shall not be liable for such non-accountable expense allowance, except that the Company shall be liable for the actual, accountable, out-of-pocket expenses of the Underwriter, including legal fees, up to a maximum of $40,000. In the event the transactions contemplated hereby are not consummated by reason of any action of the Company or because of a breach by the Company of any covenant, representation or warranty herein, the Company shall be liable for the actual, accountable, out-of-pocket expenses of the Underwriter, including legal fees, up to a maximum of $450,000 (in addition to the Company Expenses for which the Company shall in all events remain liable), provided, however, that if the proposed financing is not completed because

the Company prevents it based solely on reasons relating to pricing, the Company's liability for such expense allowance (excluding the Company's expenses) shall be limited to (i) $300,000 if the number of shares included in each Unit is more than 250, (ii) $225,000 if the number of shares included in each Unit is more than 275 and (iii) $150,000 if the number of shares included in each Unit is more than 310.

(c) No person is entitled either directly or indirectly to compensation from the Company, from the Underwriter or from any other person for services as a finder in connection with the proposed offering, and the Company agrees to indemnify and hold harmless the Underwriter against any losses, claims, damages or liabilities, joint or several (which shall include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees), to which the Underwriter may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon the claim of any person (other than an employee of the party claiming indemnity) or entity that he or it is entitled to a finder's fee in connection with the proposed offering by reason of such person's or entity's influence or prior contact with the indemnifying party.

9. EFFECTIVE DATE.

The Agreement shall become effective upon its execution except that you may, at your option, delay its effectiveness until 11:00 A.M., New York time on the first full business day following the effective date of the Registration Statement, or at such earlier time after the effective date of the Registration Statement as you in your discretion shall first commence the public offering by the Underwriter of any of the Units. The time of the public offering shall mean the time of release by you of the first newspaper advertisement with respect to the Units, or the time when the Units are first generally offered by you to dealers by letter or telegram, whichever shall first occur. This Agreement may be terminated by you at any time before it becomes effective as provided above, except that Sections 3(c), 6, 7, 8, 13, 14 and 15 shall remain in effect notwithstanding such termination.

10. TERMINATION.

(a) This Agreement, except for Sections 3(c), 6, 7, 8, 13, 14 and 15 hereof, may be terminated at any time prior to the First Closing Date, and the option referred to in Section 2(b) hereof, if exercised, may be cancelled at any time prior to the Option Closing Date, by you if in your judgment it is impracticable to offer for sale or to enforce contracts made by the Underwriter for the resale of the Units agreed to be purchased hereunder by reason of (i) the Company having sustained a material loss, whether or not insured, by reason of fire, earthquake, flood, accident or other calamity, or from any labor dispute or court or government action, order or decree; (ii) trading in securities on the New York Stock Exchange, the American Stock Exchange, the Nasdaq SmallCap Market or the Nasdaq National Market having been suspended or limited; (iii) material governmental restrictions having been imposed on trading in securities generally (not in force and effect on the date hereof); (iv) a banking moratorium having been declared by federal or New York state authorities; (v) an outbreak of international

hostilities or other national or international calamity or crisis or change in economic or political conditions having occurred; (vi) a pending or threatened legal or governmental proceeding or action relating generally to the Company's business, or a notification having been received by the Company of the threat of any such proceeding or action, which could materially adversely affect the Company; (vii) except as contemplated by the Prospectus, the Company is merged or consolidated into or acquired by another company or group or there exists a binding legal commitment for the foregoing or any other material change of ownership or control occurs; (viii) the passage by the Congress of the United States or by any state legislative body or federal or state agency or other authority of any act, rule or regulation, measure, or the adoption of any orders, rules or regulations by any governmental body or any authoritative accounting institute or board, or any governmental executive, which is reasonably believed likely by the Underwriter to have a material impact on the business, financial condition or financial statements of the Company or the market for the securities offered pursuant to the Prospectus; (ix) any adverse change in the financial or securities markets beyond normal market fluctuations having occurred since the date of this Agreement, or (x) any material adverse change having occurred, since the respective dates of which information is given in the Registration Statement and Prospectus, in the earnings, business prospects or general condition of the Company, financial or otherwise, taken as a whole whether or not arising in the ordinary course of business.

(b) If you elect to prevent this Agreement from becoming effective or to terminate this Agreement as provided in this Section 10 or in Section 9, the Company shall be promptly notified by you, by telephone or telegram, confirmed by letter.

11. UNIT PURCHASE OPTION.

At or before the First Closing Date, the Company will sell to D.H. Blair Investment Banking Corp. or its designees for a consideration of $1.50, and upon the terms and conditions set forth in the form of Unit Purchase Option annexed as an exhibit to the Registration Statement, a Unit Purchase Option to purchase an aggregate of 1,500 Units. In the event of conflict in the terms of this Agreement and the Unit Purchase Option, the language of the Unit Purchase Option shall control.

12. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY.

The respective indemnities, agreements, representations, warranties and other statements of the Company or Dr. Bell, where appropriate, and the undertakings set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, the Company or any of its officers or directors or any controlling person and will survive delivery of and payment of the Units and the termination of this Agreement.

13. NOTICE.

Any communications specifically required hereunder to be in writing, if sent to the Underwriter, will be mailed, delivered and confirmed to them at D.H. Blair Investment Banking Corp., 44 Wall Street, New York, New York 10005, with a copy sent to Bachner, Tally, Polevoy & Misher LLP, Attention: Sheldon E. Misher, Esq., 380 Madison Avenue, New York, New York 10017, or if sent to the Company, will be mailed, delivered and confirmed to it at Amerigon Incorporated, 404 East Huntington Drive, Monrovia, CA 91016, Attention: Lon E. Bell, Ph.D., with a copy sent to O'Melveny & Myers LLP, 400 South Hope Street, Los Angeles, CA 90071, Attention: D. Stephen Antion, Esq.

14. PARTIES IN INTEREST.

The Agreement herein set forth is made solely for the benefit of the Underwriter, the Company and, to the extent expressed, any person controlling the Company or the Underwriter, and directors of the Company, nominees for directors (if any) named in the Prospectus, its officers who have signed the Registration Statement, and their respective executors, administrators, successors, assigns and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from any Underwriter of the Units.

15. APPLICABLE LAW.

This Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be entirely performed within New York.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return this agreement, whereupon it will become a binding agreement between the Company and the Underwriter in accordance with its terms.

Very truly yours,

AMERIGON INCORPORATED

By: _____

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

D.H. BLAIR INVESTMENT BANKING CORP.

By: _____
Authorized Officer

I hereby agree to be bound by the provisions of Sections 3(n) and 12 hereof.

_____
Lon E. Bell, Ph.D.

WARRANT AGREEMENT

AGREEMENT, dated as of this ____th day of _____, 1997, by and among AMERIGON INCORPORATED, a California corporation ("Company"), U.S. STOCK TRANSFER CORPORATION, as Warrant Agent (the "Warrant Agent"), and D.H. BLAIR INVESTMENT BANKING CORP., a New York corporation (the "Underwriter").

W I T N E S S E T H

WHEREAS, in connection with (i) a public offering of up to 19,550 units ("Units"), each unit consisting of 280 shares of Class A Common Stock, no par value per share, of the Company ("Shares" or "Class A Common Stock") and 280 redeemable Class A Warrants pursuant to an underwriting agreement (the "Underwriting Agreement") dated _____, 1997 between the Company and Blair, (ii) the issuance to the Underwriter or its designees of Unit Purchase Options to purchase an aggregate of 1,700 additional Units, to be dated as of _____, 1997 (the "Unit Purchase Options"), and (iii) the conversion of certain convertible subordinated debentures issued in a private placement by the Company in October 1996 into 1,620,000 Class A Warrants, the Company may issue up to 7,570,000 Class A Warrants (the Class A Warrants may be referred to as "Warrants"); and

WHEREAS, each Class A Warrant initially entitles the Registered Holder thereof to purchase one (1) share of Class A Common Stock; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer exchange and redemption of the Warrants, the issuance of certificates representing the Warrants, the exercise of the Warrants, and the rights of the Registered Holders thereof;

NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth and for the purpose of defining the terms and provisions of the Warrants and the certificates representing the Warrants and the respective rights and obligations thereunder of the Company, the holders of certificates representing the Warrants and the Warrant Agent, the parties hereto agree as follows:

SECTION 1. DEFINITIONS. As used herein, the following terms shall have the following meanings, unless the context shall otherwise require:

(a) "Aggregate Per Share Price" shall mean the Purchase Price per share multiplied by the number of shares of Class A Common Stock purchasable upon the exercise of a Warrant.

(b) "Calculation Date" shall have the meaning set forth in Section 8 hereof.

(c) "Class A Aggregate Per Share Price" shall mean $_____ [Class A Warrant Exercise Price].

(d) "Class A Warrants" shall mean the warrants to purchase shares of Class A Common Stock of the Company issued pursuant to this Agreement.

(e) "Common Stock" shall mean stock of the Company of any class, whether now or hereafter authorized, which has the right to participate in the distribution of earnings and assets of the Company without limit as to amount or percentage, which at the date hereof consists of 40,000,000 shares of Class A Common Stock, no par value, and 3,000,000 shares of Class B Common Stock, no par value.

(f) "Corporate Office" shall mean the office of the Warrant Agent (or its successor) at which at any particular time its principal business shall be administered, which office is located at the date hereof at 1745 Gardena Avenue, Glendale, California 91204.

(g) "Exercise Date" shall mean, as to any Warrant, the date on which the Warrant Agent shall have received both (a) the Warrant Certificate representing such Warrant, with the exercise form thereon duly executed by the Registered Holder thereof or his attorney duly authorized in writing, and (b) payment in cash, or by official bank or certified check made payable to the Company, or otherwise as provided in Section 4(b), of an amount in lawful money of the United States of America equal to the applicable Purchase Price.

(h) "Market Price" shall mean (i) the average closing bid price of the Class A Common Stock, for thirty (30) consecutive business days ending on the Calculation Date, as reported by Nasdaq, if the Class A Common Stock is traded on the Nasdaq SmallCap Market, or (ii) the average last reported sale price of the Class A Common Stock, for thirty (30) consecutive business days ending on the Calculation Date, as reported by the primary exchange on which the Class A Common Stock is traded, if the Class A Common Stock is traded on a national securities exchange, or by Nasdaq, if the Class A Common Stock is traded on the Nasdaq National Market.

(i) "Purchase Price" shall mean the purchase price to be paid upon exercise of each Class A Warrant in accordance with the terms hereof, which price shall be $_____, subject to adjustment from time to time pursuant to the provisions of Section 9 hereof, and subject to the Company's right to reduce the Purchase Price upon notice to all Registered Holders of Warrants.

(j) "Redemption Date" shall have the meaning set forth in Section 8 hereof.

(k) "Redemption Price" shall mean the price at which the Company may, at its option in accordance with the terms hereof, redeem the Class A Warrants, which price shall be $0.05 per Warrant.

(l) "Registered Holder" shall mean as to any Warrant and as of any particular date, the person in whose name the certificate representing the Warrant shall be registered on that date on the books maintained by the Warrant Agent pursuant to Section 6.

(m) "Transfer Agent" shall mean U.S. Stock Transfer Corporation, as the Company's transfer agent, or its authorized successor, as such.

(n) "Warrant Expiration Date" shall mean 5:00 P.M. (New York time) on _____, 2002 or, with respect to Warrants which are outstanding as of the applicable Redemption Date (as defined in Section 8) and specifically excluding Warrants issuable upon exercise of Unit Purchase Options if the Unit Purchase Options have not been exercised, the Redemption Date, whichever is earlier; provided that if such date shall in the State of New York be a holiday or a day on which banks are authorized or required to close, then 5:00 P.M. (New York time) on the next following day which in the State of New York is not a holiday or a day on which banks are authorized or required to close. Upon notice to all Registered Holders, the Company shall have the right to extend the Warrant Expiration Date.

SECTION 2. WARRANTS AND ISSUANCE OF WARRANT CERTIFICATES.

(a) A Class A Warrant initially shall entitle the Registered Holder of the certificate representing such Warrant (the "Warrant Certificate") to purchase one share of Class A Common Stock upon the exercise thereof, in accordance with the terms hereof, subject to modification and adjustment as provided in Section 9.

(b) The Class A Warrants included in the offering of Units will be detachable and separately transferable immediately from the shares of Class A Common Stock constituting part of such Units.

(c) Upon execution of this Agreement, Warrant Certificates representing the number of Class A Warrants sold pursuant to the Underwriting Agreement shall be executed by the Company and delivered to the Warrant Agent. Upon written order of the Company signed by its President or Chairman or a Vice President and by its Secretary or an Assistant Secretary, the Warrant Certificates shall be countersigned, issued and delivered by the Warrant Agent as part of the Units.

(d) From time to time, up to the Warrant Expiration Date, the Transfer Agent shall countersign and deliver stock certificates in required whole number denominations representing up to an aggregate of 7,570,000 shares of Class A Common Stock, subject to adjustment as described herein, upon the exercise of Warrants in accordance with this Agreement.

(e) From time to time, up to the Warrant Expiration Date, the Warrant Agent shall countersign and deliver Warrant Certificates in required whole number denominations to the persons entitled thereto in connection with any transfer or exchange permitted under this

Agreement; provided that no Warrant Certificates shall be issued except (i) those initially issued hereunder, (ii) those issued on or after the date hereof, upon the exercise of fewer than all Warrants represented by any Warrant Certificate, to evidence any unexercised Warrants held by the exercising Registered Holder, (iii) those issued upon any transfer or exchange pursuant to Section 6; (iv) those issued in replacement of lost, stolen, destroyed or mutilated Warrant Certificates pursuant to Section 7; (v) those issued pursuant to the Unit Purchase Options; and (vi) at the option of the Company, in such form as may be approved by the Board of Directors, to reflect any adjustment or change in the Purchase Price, the number of shares of Class A Common Stock purchasable upon exercise of the Warrants or the Target Price therefor made pursuant to Section 8 hereof.

(f) Pursuant to the terms of the Unit Purchase Options, the Underwriter may purchase up to 1,700 Units, which include up to 476,000 Class A Warrants. Notwithstanding anything to the contrary contained herein, the Warrants underlying the Unit Purchase Options shall not be subject to redemption by the Company except under the terms and conditions set forth in the Unit Purchase Options.

SECTION 3. FORM AND EXECUTION OF WARRANT CERTIFICATES.

(a) The Warrant Certificates shall be substantially in the form annexed hereto as Exhibit A (the provisions of which are hereby incorporated herein) and may have such letters, numbers or other marks of identification or designation and such legends, summaries or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Class A Warrants may be listed, or to conform to usage or to the requirements of Section 2(d). The Warrant Certificates shall be dated the date of issuance thereof (whether upon initial issuance, transfer, exchange or in lieu of mutilated, lost, stolen, or destroyed Warrant Certificates) and issued in registered form. Warrant Certificates shall be numbered serially with the letters AW on Class A Warrants of all denominations.

(b) Warrant Certificates shall be executed on behalf of the Company by its Chairman of the Board, President or any Vice President and by its Secretary or an Assistant Secretary, by manual signatures or by facsimile signatures printed thereon, and shall have imprinted thereon a facsimile of the Company's seal. Warrant Certificates shall be manually countersigned by the Warrant Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be an officer of the Company or to hold the particular office referenced in the Warrant Certificate before the date of issuance of the Warrant Certificates or before countersignature by the Warrant Agent and issue and delivery thereof, such Warrant Certificates may nevertheless be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the person who signed such Warrant Certificates had not ceased to be an officer of the Company or to hold such office. After countersignature by the Warrant Agent,

Warrant Certificates shall be delivered by the Warrant Agent to the Registered Holder without further action by the Company, except as otherwise provided by Section 4(a) hereof.

SECTION 4. EXERCISE.

(a) Each Warrant may be exercised by the Registered Holder thereof at any time on or after the date hereof, but not after the Warrant Expiration Date, upon the terms and subject to the conditions set forth herein and in the applicable Warrant Certificate. A Warrant shall be deemed to have been exercised immediately prior to the close of business on the Exercise Date and the person entitled to receive the securities deliverable upon such exercise shall be treated for all purposes as the holder of those securities upon the exercise of the Warrant as of the close of business on the Exercise Date. As soon as practicable on or after the Exercise Date, the Warrant Agent shall deposit the proceeds received from the exercise of a Warrant and shall notify the Company in writing of the exercise of the Warrants. Promptly following, and in any event within five business days after the date of such notice from the Warrant Agent, the Warrant Agent, on behalf of the Company, shall cause to be issued and delivered by the Transfer Agent, to the person or persons entitled to receive the same, a certificate or certificates for the securities deliverable upon such exercise (plus a Warrant Certificate for any remaining unexercised Warrants of the Registered Holder), unless prior to the date of issuance of such certificates the Company shall instruct the Warrant Agent to refrain from causing such issuance of certificates pending clearance of checks received in payment of the Purchase Price pursuant to such Warrants. Notwithstanding the foregoing, in the case of payment made in the form of a check drawn on an account of the Underwriter or such other investment banks and brokerage houses as the Company shall approve in writing to the Warrant Agent, certificates shall immediately be issued without prior notice to the Company or any delay. Upon the exercise of any Warrant and clearance of the funds received, the Warrant Agent shall promptly remit the payment received for the Warrant (the "Warrant Proceeds") to the Company or as the Company may direct in writing, subject to the provisions of Sections 4(b) and 4(c) hereof.

(b) If, at the Exercise Date in respect of the exercise of any Warrant after _____, 1998, (i) the market price of the Company's Class A Common Stock is greater than the then Purchase Price of the Warrant, (ii) the exercise of the Warrant was solicited by a member of the National Association of Securities Dealers, Inc. ("NASD") as designated in writing on the Warrant Certificate Subscription Form, (iii) the Warrant was not held in a discretionary account, (iv) disclosure of compensation arrangements was made both at the time of the original offering and at the time of exercise; and (v) the solicitation of the exercise of the Warrant was not in violation of Rule 10b-6 (as such rule or any successor rule may be in effect as of such time of exercise) promulgated under the Securities Exchange Act of 1934, then the Warrant Agent, simultaneously with the distribution of the Warrant Proceeds to the Company shall, on behalf of the Company, pay from the Warrant Proceeds, a fee of 5% (the "Exercise Fee") of the Purchase Price to the Underwriter (of which a portion may be reallowed by the Underwriter to the dealer who solicited the exercise, which may also be the Underwriter or D.H. Blair & Co., Inc.). In the event the Exercise Fee is not received within five days of the date on which the Company receives Warrant Proceeds, then the Exercise Fee shall begin accruing

interest at an annual rate of prime plus four percent (4%), payable by the Company to the Underwriter at the time the Underwriter receives the Exercise Fee. Within five days after exercise the Warrant Agent shall send to the Underwriter a copy of the reverse side of each Warrant exercised. The Underwriter shall reimburse the Warrant Agent, upon request, for its reasonable expenses relating to compliance with this section 4(b). The Company shall pay all fees and expenses including all blue sky fees and expenses and all out-of-pocket expenses of the Underwriter, including legal fees, in connection with the solicitation, redemption or exchange of the Warrants. In addition, the Underwriter and the Company may at any time during business hours, examine the records of the Warrant Agent, including its ledger of original Warrant Certificates returned to the Warrant Agent upon exercise of Warrants. The provisions of this paragraph may not be modified, amended or deleted without the prior written consent of the Underwriter.

(c) In order to enforce the provisions of Section 4(b) above, in the event there is any dispute or question as to the amount or payment of the Exercise Fee, the Warrant Agent is hereby expressly authorized to withhold payment to the Company of the Warrant Proceeds unless and until the Company establishes an escrow account for the purpose of depositing the entire amount of the Exercise Fee, which amount will be deducted from the net Warrant Proceeds to be paid to the Company. The funds placed in the escrow account may not be released to the Company without a written agreement from the Underwriter that the required Exercise Fee has been received by the Underwriter or a final, non-appealable determination by a court of competent jurisdiction that the Underwriter is not entitled to such funds.

SECTION 5. RESERVATION OF SHARES; LISTING; PAYMENT OF TAXES; ETC.

(a) The Company covenants that it will at all times reserve and keep available out of its authorized Class A Common Stock, solely for the purpose of issue upon exercise of Warrants, such number of shares of Class A Common Stock as shall then be issuable upon the exercise of all outstanding Warrants. The Company covenants that all shares of Class A Common Stock which shall be issuable upon exercise of the Warrants shall, at the time of delivery, be duly and validly issued, fully paid, nonassessable and free from all taxes, liens and charges with respect to the issue thereof, (other than those which the Company shall promptly pay or discharge or liens imposed solely as a result of actions or agreements of the warrantholder) and that upon issuance such shares shall be listed on each national securities exchange on which the other shares of outstanding Class A Common Stock of the Company are then listed or shall be eligible for inclusion in the Nasdaq National Market or the Nasdaq SmallCap Market if the other shares of outstanding Class A Common Stock of the Company are so included.

(b) The Company covenants that if any securities to be reserved for the purpose of exercise of Warrants hereunder require registration with, or approval of, any governmental authority under any federal securities law before such securities may be validly issued or delivered upon such exercise, then the Company will in good faith and as expeditiously as reasonably possible, endeavor to secure such registration or approval. The Company will use

reasonable efforts to obtain appropriate approvals or registrations under state "blue sky" securities laws, provided the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to execute a general consent of service of process in any jurisdiction. With respect to any such securities, however, Warrants may not be exercised by, or shares of Class A Common Stock issued to, any Registered Holder in any state in which such exercise would be unlawful.

(c) The Company shall pay all documentary, stamp or similar taxes and other governmental charges that may be imposed with respect to the issuance of Warrants, or the issuance or delivery of any shares upon exercise of the Warrants; provided, however, that if the shares of Class A Common Stock, as the case may be, are to be delivered in a name other than the name of the Registered Holder of the Warrant Certificate representing any Warrant being exercised, then no such delivery shall be made unless the person requesting the same has paid to the Warrant Agent the amount of transfer taxes or charges incident thereto, if any.

(d) The Warrant Agent is hereby irrevocably authorized to requisition the Company's Transfer Agent from time to time for certificates representing shares of Class A Common Stock issuable upon exercise of the Warrants, and the Company will authorize the Transfer Agent to comply with all such proper requisitions. The Company will file with the Warrant Agent a statement setting forth the name and address of the Transfer Agent of the Company for shares of Class A Common Stock issuable upon exercise of the Warrants.

SECTION 6. EXCHANGE AND REGISTRATION OF TRANSFER.

(a) Warrant Certificates may be exchanged for other Warrant Certificates representing an equal aggregate number of Warrants of the same class or may be transferred in whole or in part. Warrant Certificates to be exchanged shall be surrendered to the Warrant Agent at its Corporate Office, and upon satisfaction of the terms and provisions hereof, the Company shall execute and the Warrant Agent shall countersign, issue and deliver in exchange therefor the Warrant Certificate(s) which the Registered Holder making the exchange shall be entitled to receive.

(b) The Warrant Agent shall keep at its office books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrant Certificates and the transfer thereof in accordance with its regular practice. Upon due presentment for registration of transfer of any Warrant Certificate at such office, the Company shall execute and the Warrant Agent shall issue and deliver to the transferee or transferees a new Warrant Certificate or Certificates representing an equal aggregate number of Warrants.

(c) With respect to all Warrant Certificates presented for registration or transfer, or for exchange or exercise, the subscription form on the reverse thereof shall be duly endorsed, or be accompanied by a written instrument or instruments of transfer and subscription, in form satisfactory to the Company and the Warrant Agent, duly executed by the Registered Holder or his attorney-in-fact duly authorized in writing.

(d) A service charge may be imposed by the Warrant Agent for any exchange or registration of transfer of Warrant Certificates. In addition, the Company may require payment by such holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(e) All Warrant Certificates surrendered for exercise or for exchange in case of mutilated Warrant Certificates shall be promptly cancelled by the Warrant Agent and thereafter retained by the Warrant Agent until termination of this Agreement or resignation as Warrant Agent, or, with the prior written consent of the Underwriter (not to be unreasonably withheld), disposed of or destroyed, at the direction of the Company.

(f) Prior to due presentment for registration of transfer thereof, the Company and the Warrant Agent may deem and treat the Registered Holder of any Warrant Certificate as the absolute owner thereof and of each Warrant represented thereby (notwithstanding any notations of ownership or writing thereon made by anyone other than a duly authorized officer of the Company or the Warrant Agent) for all purposes and shall not be affected by any notice to the contrary.

SECTION 7. LOSS OR MUTILATION. Upon receipt by the Company and the Warrant Agent of evidence satisfactory to them of the ownership of and loss, theft, destruction or mutilation of any Warrant Certificate and (in case of loss, theft or destruction) of indemnity satisfactory to them, and (in the case of mutilation) upon surrender and cancellation thereof, the Company shall execute and the Warrant Agent shall (in the absence of notice to the Company and/or Warrant Agent that the Warrant Certificate has been acquired by a bona fide purchaser) countersign and deliver to the Registered Holder in lieu thereof a new Warrant Certificate of like tenor representing an equal aggregate number of Class A Warrants. Applicants for a substitute Warrant Certificate shall comply with such other reasonable regulations and pay such other reasonable charges as the Warrant Agent may prescribe.

SECTION 8. REDEMPTION.

(a) Subject to the provisions of paragraph 2(f) hereof, on not less than thirty (30) days notice (in the form provided in subsection 8(c) below) given at any time after _____, 1998 (the "Redemption Notice"), to Registered Holders of the Warrants being redeemed at any time after _____, 1998, the Warrants may be redeemed, at the option of the Company, at a redemption price of $0.05 per Warrant, provided the Market Price shall exceed $_____ (the "Target Price"), subject to adjustment as set forth in Section 8(f), below. All Warrants of a class must be redeemed if any of that class are redeemed, provided that the Warrants underlying the Unit Purchase Option may only be redeemed in compliance with and subject to the terms and conditions of the Unit Purchase Option. For purposes of this Section 8, the Calculation Date shall mean a date within 15 days of the mailing of the Redemption Notice. The date fixed for redemption of the Warrants is referred to herein as the "Redemption Date".

(b) If the conditions set forth in Section 8(a) are met, and the Company desires to exercise its right to redeem the Warrants, it shall request the Underwriter to mail a Redemption Notice to each of the Registered Holders of the Warrants to be redeemed, first class, postage prepaid, not later than the thirtieth day before the date fixed for redemption, at their last address as shall appear on the records maintained pursuant to Section 6(b). Any notice mailed in the manner provided herein shall be conclusively presumed to have been duly given whether or not the Registered Holder receives such notice.

(c) The Redemption Notice shall specify (i) the redemption price, (ii) the Redemption Date, (iii) the place where the Warrant Certificates shall be delivered and the redemption price paid, (iv) that the Underwriter will assist each Registered Holder of a Warrant in connection with the exercise thereof and (v) that the right to exercise the Warrant shall terminate at 5:00 P.M. (New York time) on the business day immediately preceding the Redemption Date. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to a Registered Holder (a) to whom notice was not mailed or (b) whose notice was defective. An affidavit of the Warrant Agent or of the Secretary or an Assistant Secretary of the Underwriter or the Company that notice of redemption has been mailed shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(d) Any right to exercise a Warrant shall terminate at 5:00 P.M. (New York time) on the business day immediately preceding the Redemption Date. On and after the Redemption Date, Registered Holders of the Warrants shall have no further rights except to receive, upon surrender of the Warrant, the Redemption Price.

(e) From and after the Redemption Date, the Company shall, at the place specified in the Redemption Notice, upon presentation and surrender to the Company by or on behalf of the Registered Holder thereof of one or more Warrant Certificates evidencing Warrants to be redeemed, deliver or cause to be delivered to or upon the written order of such Registered Holder a sum equal to the Redemption Price of each such Warrant, payable in cash or certified or bank check. From and after the Redemption Date and upon the deposit or setting aside by the Company of a sum sufficient to redeem all the Warrants called for redemption, such Warrants shall expire and become void and all rights hereunder and under the Warrant Certificates, except the right to receive payment of the Redemption Price, shall cease.

(f) If the shares of the Company's Class A Common Stock are subdivided or combined into a greater or smaller number of shares of Class A Common Stock, the Target Price shall be proportionally adjusted by the ratio which the total number of shares of Class A Common Stock outstanding immediately prior to such event bears to the total number of shares of Class A Common Stock to be outstanding immediately after such event.

SECTION 9. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES OF COMMON STOCK OR WARRANTS.

(a) Subject to the exceptions referred to in Section 9(g) below, in the event the Company shall, at any time or from time to time after the date hereof, sell any shares of Common Stock for a consideration per share less than the Market Price (as defined in Section 1, except that for all purposes of this Section 9, the time periods set forth in Section 1(g)(i) and (ii) shall be ten (10) consecutive business days) on the date of the sale or issue any shares of Common Stock as a stock dividend to the holders of Common Stock, or subdivide or combine the outstanding shares of Common Stock into a greater or lesser number of shares (any such sale, issuance, subdivision or combination being herein called a "Change of Shares"), then, and thereafter upon each further Change of Shares, the Purchase Price in effect immediately prior to such Change of Shares shall be changed to a price (including any applicable fraction of a cent) determined by multiplying the Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of such additional shares and (ii) the number of shares of Common Stock which the aggregate consideration received (determined as provided in subsection 9(f)(F) below) for the issuance of such additional shares would purchase at the Market Price and the denominator of which shall be the sum of the number of shares of Common Stock outstanding immediately after the issuance of such additional shares. Such adjustment shall be made successively whenever such an issuance is made. For purposes of this Section 9, the Transaction Date shall mean the date of the sale, issuance, modification or other transaction referred to in this Section 9.

Upon each adjustment of the Purchase Price pursuant to this Section 9, the total number of shares of Class A Common Stock purchasable upon the exercise of each Class A Warrant shall (subject to the provisions contained in Section 9(b) hereof) be such number of shares (calculated to the nearest one-hundredth; PROVIDED, HOWEVER, that in no event shall the Class A Aggregate Per Share Price increase as a result of such rounding calculation) purchasable at the Purchase Price in effect immediately prior to such adjustment multiplied by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment.

(b) The Company may elect, upon any adjustment of the Purchase Price hereunder, to adjust the number of Class A Warrants outstanding, in lieu of the adjustment in the number of shares of Class A Common Stock purchasable upon the exercise of each Warrant as hereinabove provided, so that each Class A Warrant outstanding after such adjustment shall represent the right to purchase one share of Class A Common Stock. Each Warrant held of record prior to such adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest tenth) determined by multiplying the number one by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment. Upon each adjustment of the number of Warrants pursuant to this Section 9, the

Company shall, as promptly as practicable, cause to be distributed to each Registered Holder of Warrant Certificates on the date of such adjustment Warrant Certificates evidencing, subject to Section 10 hereof, the number of additional Warrants to which such Holder shall be entitled as a result of such adjustment or, at the option of the Company, cause to be distributed to such Holder in substitution and replacement for the Warrant Certificates held by him prior to the date of adjustment (and upon surrender thereof, if required by the Company) new Warrant Certificates evidencing the number of Warrants to which such Holder shall be entitled after such adjustment.

(c) In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock, or in case of any consolidation or merger of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock), or in case of any sale or conveyance to another corporation of the property of the Company as, or substantially as, an entirety (other than a sale/leaseback, mortgage or other financing transaction), the Company shall cause effective provision to be made so that each holder of a Warrant then outstanding shall have the right thereafter, by exercising such Warrant, to purchase the kind and number of shares of stock or other securities or property (including cash) receivable upon such reclassification, capital reorganization or other change, consolidation, merger, sale or conveyance by a holder of the number of shares of Class A Common Stock that might have been purchased upon exercise of such Warrant immediately prior to such reclassification, capital reorganization or other change, consolidation, merger, sale or conveyance. Any such provision shall include provision for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 9. The Company shall not effect any such consolidation, merger or sale of all or substantially all of the assets or stock of the Company unless prior to or simultaneously with the consummation thereof the successor (if other than the Company) resulting from such consolidation or merger or the corporation purchasing all or substantially of the assets or stock or other appropriate corporation or entity shall assume, by written instrument executed and delivered to the Warrant Agent, the obligation to deliver to the holder of each Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holders may be entitled to purchase and the other obligations of the Company under this Agreement. The foregoing provisions shall similarly apply to successive reclassifications, capital reorganizations and other changes of outstanding shares of Common Stock and to successive consolidations, mergers, sales or conveyances.

(d) Irrespective of any adjustments or changes in the Purchase Price or the number of shares of Class A Common Stock purchasable upon exercise of the Warrants, the Warrant Certificates theretofore and thereafter issued shall, unless the Company shall exercise its option to issue new Warrant Certificates pursuant to Section 2(e) hereof, continue to express the Purchase Price per share, the number of shares purchasable thereunder and the Redemption Price therefor as the Purchase Price per share, and the number of shares purchasable and the Redemption Price therefor were expressed in the Warrant Certificates when the same were originally issued.

(e) After each adjustment of the Purchase Price pursuant to this Section 9, the Company will promptly prepare a certificate signed by the Chairman or President, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, of the Company setting forth: (i) the Purchase Price as so adjusted, (ii) the number of shares of Class A Common Stock purchasable upon exercise of each Warrant after such adjustment and, if the Company shall have elected to adjust the number of Warrants, the number of Warrants to which the Registered Holder of each Warrant shall then be entitled, and the adjustment in Redemption Price resulting therefrom, and (iii) a statement showing in detail the method of calculation and the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or to be received by the Company for any securities issued or sold or deemed to have been issued, (b) the number of shares of Common Stock outstanding or deemed to be outstanding, and (c) the Purchase Price in effect immediately prior to such issue or sale and as adjusted and readjusted (if required by Section 9) on account thereof. The Company will promptly file such certificate with the Warrant Agent and furnish a copy thereof to be sent by ordinary first class mail to the Underwriter and to each Registered Holder of Warrants at his last address as it shall appear on the registry books of the Warrant Agent. No failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity thereof except as to the holder to whom the Company failed to mail such notice, or except as to the holder whose notice was defective. The affidavit of an officer of the Warrant Agent or the Secretary of the Company that such notice has been mailed shall, in the absence of fraud or negligence, be prima facie evidence of the facts stated therein. The Company will, upon the written request at any time of the Underwriter, furnish to the Underwriter a report by Price Waterhouse L.L.P., or other independent public accountants of recognized national standing (which may be the regular auditors of the Company) selected by the Company to verify such computation and setting forth such adjustment or readjustment and showing in detail the method of calculation and the facts upon which such adjustment or readjustment is based. The Company will also keep copies of all such certificates and reports at its principal office.

(f) For purposes of Section 9(a) and 9(b) hereof, the following provisions (A) to (G) shall also be applicable:

(A) The number of shares of Common Stock outstanding at any given time shall include shares of Common Stock owned or held by or for the account of the Company and the sale or issuance of such treasury shares or the distribution of any such treasury shares shall not be considered a Change of Shares for purposes of said sections.

(B) No adjustment of the Purchase Price shall be made unless such adjustment would require an increase or decrease of at least $.10 in the Purchase Price; provided that any adjustments which by reason of this clause (B) are not required to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment(s) so carried forward, shall require an increase or decrease of at least $.10 in the Purchase Price then in effect hereunder.

(C) In case of (1) the sale by the Company for cash (or as a component of a unit being sold for cash) of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or any securities convertible into or exchangeable for Common Stock without the payment of any further consideration other than cash, if any (such securities convertible, exercisable or exchangeable into Common Stock being herein called "Convertible Securities"), or (2) the issuance by the Company, without the receipt by the Company of any consideration therefor, of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, in each case, if (and only if) the consideration payable to the Company upon the exercise of such rights, warrants or options shall consist of cash, whether or not such rights, warrants or options, or the right to convert or exchange such Convertible Securities, are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights, warrants or options or upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the minimum aggregate consideration payable to the Company upon the exercise of such rights, warrants or options, plus the consideration, if any, received by the Company for the issuance or sale of such rights, warrants or options, plus, in the case of such Convertible Securities, the minimum aggregate amount of additional consideration, other than such Convertible Securities, payable upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such rights, warrants or options or upon the conversion or exchange of such Convertible Securities issuable upon the exercise of such rights, warrants or options) is less than the Market Price on the Transaction Date, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights, warrants or options or upon the conversion or exchange of such Convertible Securities (as of the date of the issuance or sale of such rights, warrants or options) shall be deemed to be outstanding shares of Common Stock for purposes of Sections 9(a) and 9(b) hereof and shall be deemed to have been sold for cash in an amount equal to such price per share.

(D) In case of the sale by the Company for cash of any Convertible Securities, whether or not the right of conversion or exchange thereunder is immediately exercisable, and the price per share for which Common Stock is issuable upon the conversion or exchange of such Convertible Securities (determined by dividing (x) the total amount of consideration received by the Company for the sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, other than such Convertible Securities, payable upon the conversion or exchange thereof, by (y) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities) is less than the Market Price on the Transaction Date, then the total maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities (as of the date of the

sale of such Convertible Securities) shall be deemed to be outstanding shares of Common Stock for purposes of Sections 9(a) and 9(b) hereof and shall be deemed to have been sold for cash in an amount equal to such price per share.

(E) In case the Company shall modify the rights of conversion, exchange or exercise of any of the securities referred to in (C) or (D) above or any other securities of the Company convertible, exchangeable or exercisable for shares of Common Stock, for any reason other than an event that would require adjustment to prevent dilution, so that the consideration per share received by the Company after such modification is less than the Market Price on the Transaction Date, the Purchase Price to be in effect after such modification shall be determined by multiplying the Purchase Price in effect immediately prior to such event by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding on the date prior to the modification plus the number of shares of Common Stock which the aggregate consideration receivable by the Company for the securities affected by the modification would purchase at the Market Price and of which the denominator shall be the number of shares of Common Stock outstanding on such date plus the number of shares of Common Stock to be issued upon conversion, exchange or exercise of the modified securities at the modified rate. Such adjustment shall become effective as of the date upon which such modification shall take effect. On the expiration of any such right, warrant or option or the termination of any such right to convert or exchange any such Convertible Securities referred to in Paragraph (C) or (D) above, the Purchase Price then in effect hereunder shall forthwith be readjusted to such Purchase Price as would have obtained (a) had the adjustments made upon the issuance or sale of such rights, warrants, options or Convertible Securities been made upon the basis of the issuance of only the number of shares of Common Stock theretofore actually delivered (and the total consideration received therefor) upon the exercise of such rights, warrants or options or upon the conversion or exchange of such Convertible Securities and (b) had adjustments been made on the basis of the Purchase Price as adjusted under clause (a) for all transactions (which would have affected such adjusted Purchase Price) made after the issuance or sale of such rights, warrants, options or Convertible Securities.

(F) In case of the sale for cash of any shares of Common Stock, any Convertible Securities, any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, the consideration received by the Company therefore shall be deemed to be the gross sales price therefor without deducting therefrom any expense paid or incurred by the Company or any underwriting discounts or commissions or concessions paid or allowed by the Company in connection therewith.

(G) In case any event shall occur as to which the provisions of Section 9 are not strictly applicable but the failure to make any adjustment would not fairly protect the purchase rights represented by the Warrants in accordance with the essential intent and principles of Section 9, then, in each such case, the Board of Directors of the Company shall in good faith by resolution provide for the adjustment, if any, on a basis consistent with the essential intent and principles established in Section 9, necessary to preserve, without dilution, the purchase rights represented by the Warrants. The Company will promptly make the adjustments described therein.

(g) No adjustment to the Purchase Price of the Warrants or to the number of shares of Class A Common Stock purchasable upon the exercise of each Warrant will be made, however,

(i) upon the exercise of any of the options presently outstanding under the Company's 1993 Stock Option Plan (the "Plan") for officers, directors and certain other key personnel of the Company; or

(ii) upon the issuance or exercise of any securities which may hereafter be granted or exercised under the Plan or under any other employee benefit plan of the Company approved by the Company's stockholders; or

(iii) upon the sale or exercise of the Warrants, including without limitation the sale or exercise of any of the Warrants comprising the Unit Purchase Options or upon the sale or exercise of the Unit Purchase Options; or

(iv) upon the sale of any shares of Common Stock and/or Convertible Securities in a firm commitment underwritten public offering, including, without limitation, shares sold upon the exercise of any overallotment option granted to the underwriters in connection with such offering; or

(v) upon the sale by the Company of any shares of Common Stock and/or Convertible Securities in a private placement for which the Underwriter is the Placement Agent; or

(vi) upon the issuance or sale of Common Stock or Convertible Securities upon the exercise of any rights or warrants to subscribe for or purchase, or any options for the purchase of, Common Stock or Convertible Securities, whether or not such rights, warrants or options were outstanding on the date of the original sale of the Warrants or were thereafter issued or sold;

(vii) upon the issuance or sale of Common Stock upon conversion or exchange of any Convertible Securities, whether or not any adjustment in the Purchase Price was made or required to be made upon the issuance or sale of such

Convertible Securities and whether or not such Convertible Securities were outstanding on the date of the original sale of the Warrants or were thereafter issued or sold; or

(viii) upon the issuance of shares of Class B Common Stock of the Company pursuant to the terms of the Escrow Agreement, [dated June 10, 1993], between the Company, U.S. Stock Transfer Corporation and certain shareholders of the Company.

(h) As used in this Section 9, the term "Common Stock" shall mean and include the Company's Common Stock authorized on the date of the original issue of the Units and shall also include any capital stock of any class of the Company thereafter authorized which shall not be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution or winding up of the Company. The shares issuable upon exercise of the Warrants shall include only shares of such class designated in the Company's Articles of Incorporation as Class A Common Stock on the date of the original issue of the Units or (i) in the case of any reclassification, change, consolidation, merger, sale or conveyance of the character referred to in Section 9(c) hereof, the stock, securities or property provided for in such section, or (ii) in the case of any reclassification or change in the outstanding shares of Class A Common Stock issuable upon exercise of the Warrants as a result of a subdivision or combination or consisting of a change in par value, or from par value to no par value, or from no par value to par value, such shares of Common Stock as so reclassified or changed.

(i) Any determination as to whether an adjustment in the Purchase Price in effect hereunder is required pursuant to Section 9, or as to the amount of any such adjustment, if required, shall be binding upon the holders of the Warrants and the Company if made in good faith by the Board of Directors of the Company.

(j) If and whenever the Company shall grant to the holders of Class A Common Stock, as such, rights or warrants to subscribe for or to purchase, or any options for the purchase of, Common Stock or securities convertible into or exchangeable for or carrying a right, warrant or option to purchase Common Stock, the Company shall concurrently therewith grant to each Registered Holder as of the record date for such transaction of the Warrants then outstanding, the rights, warrants or options to which each Registered Holder would have been entitled if, on the record date used to determine the stockholders entitled to the rights, warrants or options being granted by the Company, the Registered Holder were the holder of record of the number of whole shares of Class A Common Stock then issuable upon exercise of his Warrants. Such grant by the Company to the holders of the Warrants shall be in lieu of any adjustment which otherwise might be called for pursuant to this Section 9.

SECTION 10. FRACTIONAL WARRANTS AND FRACTIONAL SHARES.

(a) If the number of shares of Class A Common Stock purchasable upon the exercise of each Warrant is adjusted pursuant to Section 9 hereof, the Company nevertheless shall not be required to issue fractions of shares, upon exercise of the Warrants or otherwise, or to distribute certificates that evidence fractional shares. With respect to any fraction of a share called for upon the exercise of any Warrant, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the current market value of such fractional share, determined as follows:

(1) If the Class A Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such exchange or is traded on the Nasdaq National Market, the current market value shall be the last reported sale price of the Class A Common Stock on such exchange or market on the last business day prior to the date of exercise of this Warrant or, if no such sale is made on such day or no closing sale price is quoted, the average of the closing bid and asked prices for such day on such exchange or market; or

(2) If the Class A Common Stock is not listed or admitted to unlisted trading privileges on a national securities exchange or is not traded on the Nasdaq National Market, the current market value shall be the mean of the last reported bid and asked prices reported by the Nasdaq SmallCap Market or, if not traded thereon, by the National Quotation Bureau, Inc. on the last business day prior to the date of the exercise of this Warrant; or

(3) If the Class A Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current market value shall be an amount determined in such reasonable manner as may be prescribed by the Board of Directors of the Company.

SECTION 11. WARRANT HOLDERS NOT DEEMED STOCKHOLDERS. No holder of Warrants shall, as such, be entitled to vote or to receive dividends or be deemed the holder of Class A Common Stock that may at any time be issuable upon exercise of such Warrants for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the holder of Warrants, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value or change of stock to no par value, consolidation, merger or conveyance or otherwise), or to receive notice of meetings, or to receive dividends or subscription rights, until such holder shall have exercised such Warrants and been issued shares of Class A Common Stock in accordance with the provisions hereof.

SECTION 12. RIGHTS OF ACTION. All rights of action with respect to this Agreement are vested in the respective Registered Holders of the Warrants, and any Registered

Holder of a Warrant, without consent of the Warrant Agent or of the holder of any other Warrant, may, in his own behalf and for his own benefit, enforce against the Company his right to exercise his Warrants for the purchase of shares of Class A Common Stock in the manner provided in the Warrant Certificate and this Agreement.

SECTION 13. AGREEMENT OF WARRANT HOLDERS. Every holder of a Warrant, by his acceptance thereof, consents and agrees with the Company, the Warrant Agent and every other holder of a Warrant that:

(a) The Warrants are transferable only on the registry books of the Warrant Agent by the Registered Holder thereof in person or by his attorney duly authorized in writing and only if the Warrant Certificates representing such Warrants are surrendered at the office of the Warrant Agent, duly endorsed or accompanied by a proper instrument of transfer satisfactory to the Warrant Agent and the Company in their sole discretion, together with payment of any applicable transfer taxes; and

(b) The Company and the Warrant Agent may deem and treat the person in whose name the Warrant Certificate is registered as the holder and as the absolute, true and lawful owner of the Warrants represented thereby for all purposes, and neither the Company nor the Warrant Agent shall be affected by any notice or knowledge to the contrary, except as otherwise expressly provided in Section 7 hereof.

SECTION 14. CANCELLATION OF WARRANT CERTIFICATES. If the Company shall purchase or acquire any Warrant or Warrants, the Warrant Certificate or Warrant Certificates evidencing the same shall thereupon be delivered to the Warrant Agent and cancelled by it and retired. The Warrant Agent shall also cancel the Warrant Certificate or Warrant Certificates following exercise of any or all of the Warrants represented thereby or delivered to it for transfer or exchange.

SECTION 15. CONCERNING THE WARRANT AGENT. The Warrant Agent acts hereunder as agent and in a ministerial capacity for the Company, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not, by issuing and delivering Warrant Certificates or by any other act hereunder be deemed to make any representations as to the validity, value or authorization of the Warrant Certificates or the Warrants represented thereby or of any securities or other property delivered upon exercise of any Warrant or whether any stock issued upon exercise of any Warrant is fully paid and nonassessable.

The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay the Company, as provided in Section 4, all moneys received by the Warrant Agent upon the exercise of such Warrants. The Warrant Agent shall, upon request of the Company from time to time, deliver to the Company such complete reports of registered ownership of the Warrants and such complete records of transactions with respect to the Warrants and the shares of Common Stock as the Company may request. The Warrant Agent shall also make available to the Company and the Underwriter for inspection by their

agents or employees, from time to time as either of them may request, such original books of accounts and record (including original Warrant Certificates surrendered to the Warrant Agent upon exercise of Warrants) as may be maintained by the Warrant Agent in connection with the issuance and exercise of Warrants hereunder, such inspections to occur at the Warrant Agent's Corporate Office, during normal business hours.

The Warrant Agent shall not at any time be under any duty or responsibility to any holder of Warrant Certificates to make or cause to be made any adjustment of the Purchase Price or the Redemption Price provided in this Agreement, or to determine whether any fact exists which may require any such adjustments, or with respect to the nature or extent of any such adjustment, when made, or with respect to the method employed in making the same. It shall not (i) be liable for any recital or statement of facts contained herein or for any action taken, suffered or omitted by it in reliance on any Warrant Certificate or other document or instrument believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties, (ii) be responsible for any failure on the part of the Company to comply with any of its covenants and obligations contained in this Agreement or in any Warrant Certificate, or (iii) be liable for any act or omission in connection with this Agreement except for its own negligence or wilful misconduct.

The Warrant Agent may at any time consult with counsel satisfactory to it (who may be counsel for the Company) and shall incur no liability or responsibility for any action taken, suffered or omitted by it in good faith in accordance with the opinion or advice of such counsel.

Any notice, statement, instruction, request, direction, order or demand of the Company shall be sufficiently evidenced by an instrument signed by the Chairman of the Board, President, any Vice President, its Secretary, or Assistant Secretary (unless other evidence in respect thereof is herein specifically prescribed). The Warrant Agent shall not be liable for any action taken, suffered or omitted by it in accordance with such notice, statement, instruction, request, direction, order or demand believed by it to be genuine.

The Company agrees to pay the Warrant Agent reasonable compensation for its services hereunder and to reimburse it for its reasonable expenses hereunder; it further agrees to indemnify the Warrant Agent and save it harmless against any and all losses, expenses and liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of its duties and powers hereunder except losses, expenses and liabilities arising as a result of the Warrant Agent's negligence or wilful misconduct.

The Warrant Agent may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own negligence or wilful misconduct), after giving 30 days' prior written notice to the Company. At least 15 days prior to the date such resignation is to become effective, the Warrant Agent shall cause a copy of such notice of resignation to be mailed to the Registered Holder of each Warrant Certificate at the Company's expense. Upon such resignation, or any inability of the Warrant

Agent to act as such hereunder, the Company shall appoint a new warrant agent in writing. If the Company shall fail to make such appointment within a period of 15 days after it has been notified in writing of such resignation by the resigning Warrant Agent, then the Registered Holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new warrant agent. Any new warrant agent, whether appointed by the Company or by such a court, shall be a bank or trust company having a capital and surplus, as shown by its last published report to its stockholders, of not less than $10,000,000 or a stock transfer company that is a registered transfer agent under the Securities Exchange Act of 1934. After acceptance in writing of such appointment by the new warrant agent is received by the Company, such new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act or deed; but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed, the same shall be done at the expense of the Company and shall be legally and validly executed and delivered by the resigning Warrant Agent. Not later than the effective date of any such appointment the Company shall file notice thereof with the resigning Warrant Agent and shall forthwith cause a copy of such notice to be mailed to the Registered Holder of each Warrant Certificate.

Any corporation into which the Warrant Agent or any new warrant agent may be converted or merged or any corporation resulting from any consolidation to which the Warrant Agent or any new warrant agent shall be a party or any corporation succeeding to the trust business of the Warrant Agent shall be a successor warrant agent under this Agreement without any further act, provided that such corporation is eligible for appointment as successor to the Warrant Agent under the provisions of the preceding paragraph. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed to the Company and to the Registered Holder of each Warrant Certificate.

The Warrant Agent, its subsidiaries and affiliates, and any of its or their officers or directors, may buy and hold or sell Warrants or other securities of the Company and otherwise deal with the Company in the same manner and to the same extent and with like effects as though it were not Warrant Agent. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

SECTION 16. MODIFICATION OF AGREEMENT. Subject to the provisions of Section 4(b), the parties hereto and the Company may by supplemental agreement make any changes or corrections in this Agreement (i) that they shall deem appropriate to cure any ambiguity or to correct any defective or inconsistent provision or manifest mistake or error herein contained; (ii) to reflect an increase in the number of Class A Warrants which are to be governed by this Agreement resulting from (a) a subsequent public offering of Company securities which includes Class A Warrants or (b) a subsequent private placement of Company securities which includes Class A Warrants, in either case having the same terms and conditions as the Class A Warrants originally covered by or subsequently added to this Agreement under this Section 16, PROVIDED, HOWEVER, that in the case of a private placement, the amendment to this Agreement will be effective only at such time as the resale of such Warrants, as well as the

securities underlying such Warrants is covered by an effective registration statement under the Act; or (iii) that they may deem necessary or desirable and which shall not adversely affect the interests of the holders of Warrant Certificates; PROVIDED, HOWEVER, that this Agreement shall not otherwise be modified, supplemented or altered in any respect except with the consent in writing of the Registered Holders of Warrant Certificates representing not less than 50% of the Warrants then outstanding; and PROVIDED, FURTHER, that no change in the number or nature of the securities purchasable upon the exercise of any Warrant, or the Purchase Price therefor, or the acceleration of the Warrant Expiration Date, shall be made without the consent in writing of the Registered Holder of the Warrant Certificate representing such Warrant, other than such changes as are specifically prescribed by this Agreement as originally executed or are made in compliance with applicable law.

SECTION 17. NOTICES. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been made when delivered or mailed first class registered or certified mail, postage prepaid as follows: if to the Registered Holder of a Warrant Certificate, at the address of such holder as shown on the registry books maintained by the Warrant Agent; if to the Company, at Amerigon Incorporated, 404 East Huntington Drive, Monrovia, California 91016, attention: President, or at such other address as may have been furnished to the Warrant Agent in writing by the Company; if to the Warrant Agent, at its Corporate Office; if to the Underwriter, at D.H. Blair Investment Banking Corp., 44 Wall Street, New York, New York 10005.

SECTION 18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws.

SECTION 19. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Company and, the Warrant Agent and their respective successors and assigns, and the holders from time to time of Warrant Certificates . Nothing in this Agreement is intended or shall be construed to confer upon any other person any right, remedy or claim, in equity or at law, or to impose upon any other person any duty, liability or obligation.

SECTION 20. TERMINATION. This Agreement shall terminate at the close of business on the earlier of the Warrant Expiration Date or the date upon which all Warrants (including the warrants issuable upon exercise of the Unit Purchase Options) have been exercised, except that the Warrant Agent shall account to the Company for cash held by it and the provisions of Section 15 hereof shall survive such termination.

SECTION 21. COUNTERPARTS. This Agreement may be executed in several counterparts, which taken together shall constitute a single document.

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

AMERIGON INCORPORATED

By: _____

U.S. STOCK TRANSFER CORPORATION

By: _____
Authorized Officer

D.H. BLAIR INVESTMENT BANKING CORP.

By: _____
Martin A. Bell
Vice Chairman and
General Counsel

EXHIBIT A

[FORM OF FACE OF CLASS A WARRANT CERTIFICATE]

No. AW _____Class A Warrants

VOID AFTER _____, 2002

CLASS A WARRANT CERTIFICATE FOR PURCHASE
OF CLASS A COMMON STOCK

AMERIGON INCORPORATED

This certifies that FOR VALUE RECEIVED _____ or registered assigns (the "Registered Holder") is the owner of the number of Class A Warrants ("Class A Warrants") specified above. Each Class A Warrant represented hereby initially entitles the Registered Holder to purchase, subject to the terms and conditions set forth in this Warrant Certificate and the Warrant Agreement (as hereinafter defined), one fully paid and nonassessable share of Class A Common Stock, no par value ("Class A Common Stock"), of Amerigon Incorporated, a California corporation (the "Company"), at any time between _____, 1997 and the Expiration Date (as hereinafter defined), upon the presentation and surrender of this Warrant Certificate with the Subscription Form on the reverse hereof duly executed, at the corporate office of U.S. Stock Transfer Corporation as Warrant Agent, or its successor (the "Warrant Agent"), accompanied by payment of $_____ (the "Purchase Price") in lawful money of the United States of America in cash or by official bank or certified check made payable to Amerigon Incorporated.

This Warrant Certificate and each Class A Warrant represented hereby are issued pursuant to and are subject in all respects to the terms and conditions set forth in the Warrant Agreement (the "Warrant Agreement"), dated _____, 1997 by and among the Company, the Warrant Agent and D.H. Blair Investment Banking Corp.

In the event of certain contingencies provided for in the Warrant Agreement, the Purchase Price or the number of shares of Class A Common Stock subject to purchase upon the exercise of each Class A Warrant represented hereby are subject to modification or adjustment.

Each Class A Warrant represented hereby is exercisable at the option of the Registered Holder, but no fractional shares of Class A Common Stock will be issued. In the case of the exercise of less than all the Class A Warrants represented hereby, the Company shall cancel this Warrant Certificate upon the surrender hereof and shall execute and deliver a new

Warrant Certificate or Warrant Certificates of like tenor, which the Warrant Agent shall countersign, for the balance of such Class A Warrants.

The term "Expiration Date" shall mean 5:00 P.M. (New York time) on _____, 2002 or such earlier date as the Class A Warrants shall be redeemed. If such date shall in the State of New York be a holiday or a day on which banks are authorized to close, then the Expiration Date shall mean 5:00 P.M. (New York time) the next following day which in the State of New York is not a holiday or a day on which banks are authorized to close.

The Company shall not be obligated to deliver any securities pursuant to the exercise of the Class A Warrants represented hereby unless a registration statement under the Securities Act of 1933, as amended, with respect to such securities is effective. The Company has covenanted and agreed that it will file a registration statement and will use its best efforts to cause the same to become effective and to keep such registration statement current while any of the Class A Warrants are outstanding. The Class A Warrants represented hereby shall not be exercisable by a Registered Holder in any state where such exercise would be unlawful.

This Warrant Certificate is exchangeable, upon the surrender hereof by the Registered Holder at the corporate office of the Warrant Agent, for a new Warrant Certificate or Warrant Certificates of like tenor representing an equal aggregate number of Class A Warrants, each of such new Warrant Certificates to represent such number of Class A Warrants as shall be designated by such Registered Holder at the time of such surrender. Upon due presentment with any applicable transfer fee per certificate in addition to any tax or other governmental charge imposed in connection therewith, for registration of transfer of this Class A Warrant Certificate at such office, a new Warrant Certificate or Warrant Certificates representing an equal aggregate number of Class A Warrants will be issued to the transferee in exchange therefor, subject to the limitations provided in the Warrant Agreement.

Prior to the exercise of any Class A Warrant represented hereby, the Registered Holder shall not be entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote or to receive dividends or other distributions, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided in the Warrant Agreement.

The Class A Warrants represented hereby may be redeemed at the option of the Company, at a redemption price of $.05 per Class A Warrant at any time after_____, 1998 provided the Market Price (as defined in the Warrant Agreement) for the Class A Common Stock shall exceed $_____ per share. Notice of redemption shall be given not later than the thirtieth day before the date fixed for redemption, all as provided in the Warrant Agreement. On and after the date fixed for redemption, the Registered Holder shall have no rights with respect to the Class A Warrants represented hereby except to receive the $.05 per Class A Warrant upon surrender of this Warrant Certificate.

Prior to due presentment for registration of transfer hereof, the Company and the Warrant Agent may deem and treat the Registered Holder as the absolute owner hereof and of each Class A Warrant represented hereby (notwithstanding any notations of ownership or writing hereon made by anyone other than a duly authorized officer of the Company or the Warrant Agent) for all purposes and shall not be affected by any notice to the contrary.

The Company has agreed to pay a fee of 5% of the Purchase Price upon certain conditions as specified in the Warrant Agreement upon the exercise of the Class A Warrants represented hereby.

This Warrant Certificate shall be governed by and construed in accordance with the laws of the State of New York.

This Warrant Certificate is not valid unless countersigned by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed, manually or in facsimile, by two of its officers thereunto duly authorized and a facsimile of its corporate seal to be imprinted hereon.

AMERIGON INCORPORATED

Dated: _____ By: _____

By: _____

[seal]

Countersigned:

U.S. STOCK TRANSFER CORPORATION

_____
as Warrant Agent

By:_____
Authorized Officer

[FORM OF REVERSE OF WARRANT CERTIFICATE]

TRANSFER FEE: $_____ PER CERTIFICATE ISSUED

SUBSCRIPTION FORM

To Be Executed by the Registered Holder
in Order to Exercise Warrants

The undersigned Registered Holder hereby irrevocably elects to exercise _____ Class A Warrants represented by this Warrant Certificate, and to purchase the securities issuable upon the exercise of such Class A Warrants, and requests that certificates for such securities shall be issued in the name of

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER

[please print or type name and address]

and be delivered to

[please print or type name and address]

and if such number of Class A Warrants shall not be all the Class A Warrants evidenced by this Warrant Certificate, that a new Class A Warrant Certificate for the balance of such Class A Warrants be registered in the name of, and delivered to, the Registered Holder at the address stated below.

The undersigned represents that the exercise of the Class A Warrants evidenced hereby was solicited by a member of the National Association of Securities Dealers, Inc. If not

solicited by an NASD member, please write "unsolicited" in the space below. Unless otherwise indicated by listing the name of another NASD member firm, it will be assumed that the exercise was solicited by D.H. Blair Investment Banking Corp. or D.H. Blair & Co., Inc.

_____
(Name of NASD Member)

Dated: _____ X _____

_____

_____
Address

_____
Taxpayer Identification Number

_____
Signature Guaranteed

_____

THE SIGNATURE TO THE ASSIGNMENT OR THE SUBSCRIPTION FORM MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS WARRANT CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A MEMBER OF THE MEDALLION STAMP PROGRAM.

ASSIGNMENT

To Be Executed by the Registered Holder
in Order to Assign Warrants

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER
OF TRANSFEREE

[please print or type name and address]

_____ of the Class A Warrants represented by this Warrant Certificate, and hereby irrevocably constitutes and appoints _____ Attorney to transfer this Warrant Certificate on the books of the Company, with full power of substitution in the premises.

Dated:_____ X _____
Signature Guaranteed

_____

THE SIGNATURE TO THE ASSIGNMENT OR THE SUBSCRIPTION FORM MUST CORRESPOND TO THE NAME AS WRITTEN UPON THE FACE OF THIS WARRANT CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A MEMBER OF THE MEDALLION STAMP PROGRAM.

EXHIBIT 10.3

PROMISSORY NOTE

$100,000.00 January 29, 1997

FOR VALUE RECEIVED, AMERIGON INCORPORATED, a California corporation (the "Company"), hereby promises to pay to the order of Dr. Lon E. Bell, One Hundred Thousand Dollars ($100,000) in lawful money of the United States of America, at Monrovia, California, with interest thereon at the rate of ten percent (10%) per annum, on the earlier of (i) March 1, 1997, or (ii) the day after the closing of the Company's currently proposed public offering of units. Should suit be commenced to enforce payment of this note, the Company promises to pay such additional sum as the court may adjudge reasonable as attorneys' fees in said suit.

AMERIGON INCORPORATED

By: /s/ R. John Hamman, Jr.
Name: R. John Hamman, Jr.
Title: Vice President - Finance

Option to Purchase
1,700 Units

AMERIGON INCORPORATED
UNIT PURCHASE OPTION
Dated: _____, 1997

THIS CERTIFIES THAT_____ (herein sometimes called the "Holder") is entitled to purchase from Amerigon Incorporated, a California corporation (hereinafter called the "Company"), at the prices and during the periods as hereinafter specified, up to ONE THOUSAND SEVEN HUNDRED (1,700) Units ("Units"), each Unit consisting of 280 shares of the Company's Class A Common Stock, no par value, as now constituted ("Class A Common Stock"), and 280 warrants to purchase Class A Common Stock ("Class A Warrants"). Each Class A Warrant is exercisable to purchase one share of Class A Common Stock at an exercise price of $_____ from _____, 2000 to _____, 2002. The Class A Warrants are herein referred to as the "Warrants."

The Units have been registered under a Registration Statement on Form S-2, (File No. 333-17401) declared effective by the Securities and Exchange Commission on _____, 1997 (the "Registration Statement"). This Option, together with options of like tenor, constituting in the aggregate options (the "Options") to purchase 1,700 Units, subject to adjustment in accordance with Section 8 of this Option (the "Option Units"), was originally issued pursuant to an underwriting agreement between the Company and D.H. Blair Investment Banking Corp., as underwriter (the "Underwriter") in connection with a public offering (the "Offering") of 17,000 Units (the "Public Units") through the Underwriter, in consideration of $1.70 received for the Options.

Except as specifically otherwise provided herein, the Class A Common Stock and the Warrants issued pursuant to the option herein granted (the "Option") shall bear the same terms and conditions as described under the caption "Description of Securities" in the Registration Statement, and the Warrants shall be governed by the terms of the Warrant Agreement dated as of _____, 1997 executed in connection with such public offering (the "Warrant Agreement"), and except that (i) the holder shall have registration rights under the Securities Act of 1933, as amended (the "Act"), for the Option, the Class A Common Stock and the Warrants included in the Option Units, and the shares of Class A Common Stock underlying the Warrants, as more fully described in Section 6 of this Option and (ii) the Warrants issuable upon exercise of the Option will be subject to redemption by the Company pursuant to the Warrant Agreement only at any time after the Option has been exercised and the Warrants underlying the Option Units are outstanding. Any such redemption shall be on the same terms and conditions as the Warrants included in the Public Units (the "Public Warrants"). The Company will list the Class A Common Stock underlying this Option and, at the Holder's request

the Warrants, on the Nasdaq National Market, the Nasdaq SmallCap Market or such other exchange or market as the Class A Common Stock or Public Warrants may then be listed or quoted. In the event of any extension of the expiration date or reduction of the exercise price of the Public Warrants, the same changes to the Warrants included in the Option Units shall be simultaneously effected.

1. The rights represented by this Option shall be exercised at the prices, subject to adjustment in accordance with Section 8 of this Option ("the "Exercise Price"), and during the periods as follows:

(a) During the period from _____, 1997 to _____, 2000 inclusive, the Holder shall have no right to purchase any Option Units hereunder, except that in the event of any merger, consolidation or sale of all or substantially all the capital stock or assets of the Company or in the case of any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of another corporation into the Company) subsequent to _____, 2000, the Holder shall have the right to exercise this Option and the Warrants included herein at such time and receive the kind and amount of shares of stock and other securities and property (including cash) which a holder of the number of shares of Class A Common Stock underlying this Option and the Warrants included in this Option would have owned or been entitled to receive had this Option been exercised immediately prior thereto.

(b) Between _____, 2000 and _____, 2002 inclusive, the Holder shall have the option to purchase Option Units hereunder at a price of $_____ per Unit. For purposes of the adjustments under Section 8 hereof, the Per Share Exercise Price shall be deemed to be $_____, subject to further adjustment as provided in such Section 8.

(c) After _____, 2002 the Holder shall have no right to purchase any Units hereunder.

2. (a) The rights represented by this Option may be exercised at any time within the period above specified, in whole or in part, by (i) the surrender of this Option (with the purchase form at the end hereof properly executed) at the principal executive office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company); and (ii) payment to the Company of the exercise price then in effect for the number of Option Units specified in the above-mentioned purchase form together with applicable stock transfer taxes, if any. This Option shall be deemed to have been exercised, in whole or in part to the extent specified, immediately prior to the close of business on the date this Option is surrendered and payment is made in accordance with the foregoing provisions of this Section 2, and the person or persons in whose name or names the certificates for shares of Class A Common Stock and

Warrants shall be issuable upon such exercise shall become the holder or holders of record of such Class A Common Stock and Warrants at that time and date. The certificates for the Class A Common Stock and Warrants so purchased shall be delivered to the Holder as soon as practicable but not later than ten (10) days after the rights represented by this Option shall have been so exercised.

(b) At any time during the period above specified, during which this Option may be exercised, the Holder may, at its option, exchange this Option, in whole or in part (an "Option Exchange"), into the number of Option Units determined in accordance with this Section (b), by surrendering this Option at the principal office of the Company or at the office of its stock transfer agent, accompanied by a notice stating such Holder's intent to effect such exchange, the number of Option Units into which this Option is to be exchanged and the date on which the Holder requests that such Option Exchange occur (the "Notice of Exchange"). The Option Exchange shall take place on the date specified in the Notice of Exchange or, if later, the date the Notice of Exchange is received by the Company (the "Exchange Date"). Certificates for the shares of Class A Common Stock and Warrants issuable upon such Option Exchange and, if applicable, a new Option of like tenor evidencing the balance of the Option Units remaining subject to this Option, shall be issued as of the Exchange Date and delivered to the Holder within seven (7) days following the Exchange Date. In connection with any Option Exchange, this Option shall represent the right to subscribe for and acquire the number of Option Units (rounded to the next highest integer) equal to (x) the number of Option Units specified by the Holder in its Notice of Exchange up to the maximum number of Option Units subject to this option (the "Total Number") less (y) the number of Option Units equal to the quotient obtained by dividing (A) the product of the Total Number and the existing Exercise Price by (B) the Fair Market Value. "Fair Market Value" shall have the meaning indicated in Subsections (i) through (iv) below for the aggregate value of all shares of Class A Common Stock and Warrants which comprise a Unit:

(i) If the Class A Common Stock or Warrants are listed on a national securities exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value shall be the average of the last reported sale prices or the average of the means of the last reported bid and asked prices, respectively, of Class A Common Stock or Warrants, respectively, on such exchange or market for the five (5) business days ending on the last business day prior to the Exchange Date; or

(ii) If the Class A Common Stock or Warrants are not so listed or admitted to unlisted trading privileges, the Fair Market Value shall be the average of the means of the last reported bid and asked prices of the Class A Common Stock or Warrants, respectively, for the five (5) business days ending on the last business day prior to the Exchange Date; or

(iii) If the Class A Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the Fair Market Value shall be an amount, not less than book value thereof as at the end of the most recent fiscal year of the Company ending prior to the Exchange Date, determined in such reasonable manner as may be prescribed by the Board of Directors of the Company; or

(iv) If the Warrants are not so listed or admitted to unlisted trading privileges, and bid and asked prices are not so reported for Warrants, then Fair Market Value for the Warrants shall be an amount equal to the difference between (i) the Fair Market Value of the shares of Class A Common Stock which may be received upon the exercise of the Warrants, as determined herein, and (ii) the Warrant Exercise Price.

3. Neither this Option nor the underlying securities shall be transferred, sold, assigned, or hypothecated, except that they may be transferred to successors of the Holder, and may be assigned in whole or in part to any person who is an officer of the Holder, any member participating in the selling group relating to the Offering or any officer of such selling group member. Any such assignment shall be effected by the Holder (i) executing the form of assignment at the end hereof and (ii) surrendering this Option for cancellation at the office or agency of the Company referred to in Section 2 hereof, accompanied by a certificate (signed by an officer of the Holder if the Holder is a corporation), stating that each transferee is a permitted transferee under this Section 3 hereof; whereupon the Company shall issue, in the name or names specified by the Holder (including the Holder) a new Option or Options of like tenor and representing in the aggregate rights to purchase the same number of Option Units as are purchasable hereunder.

4. The Company covenants and agrees that all shares of Class A Common Stock which may be issued as part of the Option Units purchased hereunder and the Class A Common Stock which may be issued upon exercise of the Warrants will, upon issuance, be duly and validly issued, fully paid and nonassessable and no personal liability will attach to the holder thereof. The Company further covenants and agrees that during the periods within which this Option may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of its Class A Common Stock to provide for the exercise of this Option and that it will have authorized and reserved a sufficient number of shares of Class A Common Stock for issuance upon exercise of the Warrants included in the Option Units.

5. This Option shall not entitle the Holder to any voting rights or any other rights, or subject to the Holder to any liabilities, as a stockholder of the Company.

6. (a) The Company shall advise the Holder or its transferee, whether the Holder holds the Option or has exercised the Option and holds Option Units or any of the securities underlying the Option Units, by written notice at least two weeks prior to the filing of any post-effective amendment to the Registration Statement or of any new registration statement

or post-effective amendment thereto under the Act (other than a registration statement on Form S-4 or S-8 or any form substituting therefor or any other limited purpose form that would not permit the inclusion of the Registrable Securities) covering any securities of the Company, for its own account or for the account of others, and will for a period of seven years from the effective date of the Registration Statement, upon the request of the Holder, include in any such post-effective amendment or registration statement, such information as may be required to permit a public offering of the Option, all or any of the Option Units, the Class A Common Stock or Warrants included in the Option Units or the Class A Common Stock issuable upon the exercise of the Warrants (the "Registrable Securities").

(b) If the Underwriter, D.H. Blair & Co., Inc., J. Morton Davis or any 50% holder (as defined below) (each, a "Requesting Holder") shall give notice to the Company at any time to the effect that such holder desires to register under the Act this Option, the Option Units or any of the underlying securities contained in the Option Units under such circumstances that a public distribution (within the meaning of the Act) of any such securities will be involved then the Company will promptly, but no later than four weeks after receipt of such notice, file a post-effective amendment to the current Registration Statement or a new registration statement on Form S-1 or such other form as the holder requests pursuant to the Act, to the end that the Option, the Option Units and/or any of the securities underlying the Option Units may be publicly sold under the Act as promptly as practicable thereafter and the Company will use its best efforts to cause such registration to become and remain effective (including the taking of such steps as are necessary to obtain the removal of any stop order) for a period of up to nine months or until the distribution contemplated in the registration statement has been completed, whichever first occurs (provided, that such nine month limitation shall be extended indefinitely in the event the registration statement is on Form S-3 or any successor thereto); provided, that such holder shall furnish the Company with appropriate information in connection therewith as the Company may reasonably request in writing. Any Requesting Holder may, at its option, request the filing of a post-effective amendment to the current Registration Statement or a new registration statement under the Act on two occasions during the thirty month period beginning thirty months from the effective date of the Registration Statement; provided, that the aggregate number of registrations that may be requested by all Requesting Holders shall be limited to two. Any Requesting Holder may, at its option request the registration of the Option and/or any of the securities underlying the Option in a registration statement made by the Company as contemplated by Section 6(a) or in connection with a request made pursuant to this Section 6(b) prior to acquisition of the Option Units issuable upon exercise of the Option and even though the Holder has not given notice of exercise of the Option. Any Requesting Holder may, at its option, request such post-effective amendment or new registration statement during the described period with respect to the Option, the Option Units as a unit, or separately as to the Class A Common Stock and/or Warrants included in the Option Units and/or the Class A Common Stock issuable upon the exercise of the Warrants, and such registration rights may be exercised by the Requesting Holder prior to or subsequent to the exercise of the Option.

Within ten days after receiving any such notice pursuant to this Section 6(b), the Company shall give notice to the other holders of the Options, advising that the Company is

proceeding with such post-effective amendment or registration statement and offering to include therein the securities underlying the Options of the other holders, provided that they shall furnish the Company with such appropriate information (relating to the intentions of such holders) in connection therewith as the Company shall reasonably request in writing. In the event demand for registration is made by a Requesting Holder and the registration statement is not filed within the period specified herein and in the event the registration statement is not declared effective under the Act prior to _____, 2002, then, at the holders' request, the Company shall purchase the Options from the holder for a per option price equal to the difference between (i) the Fair Market Value of the Class A Common Stock on the date of notice multiplied by the number of shares of Class A Common Stock issuable upon exercise of the Option and the underlying Warrants and (ii) the average per share purchase price of the Option and each share of Class A Common Stock underlying the Option. All costs and expenses of the first such post-effective amendment or new registration statement under this paragraph 6(b) shall be borne by the Company, except that the holders shall bear the fees of their own counsel and any underwriting discounts or commissions applicable to any of the securities sold by them.

(c) The term "50% holder" as used in this Section 6 shall mean the holder of at least 50% of the Class A Common Stock and the Warrants underlying the Options (considered in the aggregate) and shall include any owner or combination of owners of such securities, which ownership shall be calculated by determining the number of shares of Class A Common Stock held by such owner or owners as well as the number of shares then issuable upon exercise of the Warrants.

(d) Whenever pursuant to Section 6 a registration statement relating to any Registrable Securities is filed under the Act, amended or supplemented, the Company shall (i) supply prospectuses and such other documents as the Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities, (ii) use its best efforts to register and qualify any of the Registrable Securities for sale in such states as such Holder designates (provided, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Act), (iii) furnish indemnification in the manner provided in Section 7 hereof, (iv) notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading and, at the request of any such Holder, prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state material fact

required to be stated therein or necessary to make the statements therein not misleading and (v) do any and all other acts and things which may be necessary or desirable to enable such Holders to consummate the public sale or other disposition of the Registrable Securities. The Holders shall furnish appropriate information in connection therewith and indemnification as set forth in Section 7.

(e) The Company shall not permit the inclusion of any securities other than the Registrable Securities and securities of the Company held by securityholders who have duly exercised registration rights existing on the date hereof to be included in any registration statement filed pursuant to Section 6(b) hereof without the prior written consent of the Requesting Holders; provided, that if the underwriter advises the Requesting Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Company shall exclude from such underwriting, to the fullest extent possible, (i) first, the maximum number of securities, if any, other than Registrable Securities as is necessary in the opinion of the managing underwriter(s) to reduce the size of the offering and (ii) then the minimum number of Registrable Securities as is necessary in the opinion of the managing underwriter(s) to reduce the size of the offering.

(f) The Company shall furnish to each Holder participating in the offering and to each underwriter, if any, a signed counterpart, addressed to such Holder or underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (or, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), and (ii) if such registration includes an underwritten public offering, a "cold comfort" letter dated the effective date of such registration statement and dated the date of the closing under the underwriting agreement signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities.

(g) The Company shall deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the National Association of Securities Dealers, Inc. ("NASD"). Such investigation shall include access to non-confidential books, records and properties and opportunities to discuss the business of the Company with its officers and

independent auditors, all to such reasonable extent and at such reasonable times as any such Holder shall reasonably request.

7. (a) Whenever pursuant to Section 6 a registration statement relating to the Registrable Securities is filed under the Act, amended or supplemented, the Company will indemnify and hold harmless each holder of the Registrable Securities covered by such registration statement, amendment or supplement (such holder being hereinafter called the "Distributing Holder"), and each person, if any, who controls (within the meaning of the Act) the Distributing Holder, and each underwriter (within the meaning of the Act) of such securities and each person, if any, who controls (within the meaning of the Act) any such underwriter, against any losses, claims, damages or liabilities, joint or several, to which the Distributing Holder, any such controlling person or any such underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any such registration statement or any preliminary prospectus or final prospectus constituting a part thereof or any amendment or supplement thereto, or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse the Distributing Holder and each such controlling person and underwriter for any legal or other expenses reasonably incurred by the Distributing Holder or such controlling person or underwriter in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in said registration statement, said preliminary prospectus, said final prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder specifically for use in the preparation thereof.

(b) Each Distributing Holder shall, severally but not jointly, indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the registration statement, and each person, if any, who controls the Company within the meaning of the Act against any losses, claims, damages or liabilities to which such indemnified person may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in said registration statement, said preliminary prospectus, said final prospectus, or said amendment or supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in said registration statement, said preliminary prospectus, said final prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished by such Distributing Holder specifically for use in the preparation thereof; except that the maximum amount which may be recovered from the Distributing Holder pursuant to this Section 7

or otherwise shall be limited to the amount of net proceeds received by the Distributing Holder from the sale of the Registrable Securities.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party, give the indemnifying party notice of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 7.

(d) In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation.

(8) In addition to the provisions of Section 1(a) of this Option, the Exercise Price in effect at any time and the number and kind of securities purchasable upon the exercise of the Options shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) In case the Company shall (i) declare a dividend or make a distribution on its outstanding shares of Class A Common Stock in shares of Class A Common Stock, (ii) subdivide or reclassify its outstanding shares of Class A Common Stock into a greater number of shares, or (iii) combine or reclassify its outstanding shares of Class A Common Stock into a smaller number of shares, the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be adjusted so that it shall equal the price determined by multiplying the Exercise Price by a fraction, the denominator of which shall be the number of shares of Class A Common Stock outstanding after giving effect to such action, and the numerator of which shall be the number of shares of Class A Common Stock outstanding immediately prior to such action. Such adjustment shall be made successively whenever any event listed above shall occur.

(b) Whenever the Exercise Price payable upon exercise of each Option is adjusted pursuant to Section (a) above, (i) the number of shares of Class A Common Stock included in an Option Unit shall simultaneously be adjusted by multiplying the number of shares of Class A Common Stock included in Option Unit immediately prior to such adjustment by the Exercise Price in effect

immediately prior to such adjustment and dividing the product so obtained by the Exercise Price, as adjusted and (ii) the number of shares of Class A Common Stock or other securities issuable upon exercise of the Warrants included in the Option Units and the exercise price of such Warrants shall be adjusted in accordance with the applicable terms of the Warrant Agreement.

(c) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least five cents ($0.05) in such price; provided, however, that any adjustments which by reason of this Subsection (c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment required to be made hereunder. All calculations under this Section 8 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be. Anything in this Section 8 to the contrary notwithstanding, the Company shall be entitled, but shall not be required, to make such changes in the Exercise Price, in addition to those required by this Section 8, as it shall determine, in its sole discretion, to be advisable in order that any dividend or distribution in shares of Class A Common Stock, or any subdivision, reclassification or combination of Class A Common Stock, hereafter made by the Company shall not result in any Federal Income tax liability to the holders of Class A Common Stock or securities convertible into Class A Common Stock (including Warrants issuable upon exercise of this Option).

(d) Whenever the Exercise Price is adjusted, as herein provided, the Company shall promptly but no later than 10 days after any request for such an adjustment by the Holder, cause a notice setting forth the adjusted Exercise Price and adjusted number of Option Units issuable upon exercise of each Option and, if requested, information describing the transactions giving rise to such adjustments, to be mailed to the Holders, at the address set forth herein, and shall cause a certified copy thereof to be mailed to its transfer agent, if any. The Company may retain a firm of independent certified public accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) to make any computation required by this Section 8, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment.

(e) In the event that at any time, as a result of an adjustment made pursuant to Subsection (a) above, the Holder of this Option thereafter shall become entitled to receive any shares of the Company, other than Class A Common Stock, thereafter the number of such other shares so receivable upon exercise of this Option shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Class A Common Stock contained in Subsections (a) to (c), inclusive above.

(f) In case any event shall occur as to which the other provisions of this Section 8 or Section 1(a) hereof are not strictly applicable but as to which the failure to make any adjustment would not fairly protect the purchase rights represented by this Option in accordance with the essential intent and principles hereof then, in each such case, the Holders of Options representing the right to purchase a majority of the Option Units may appoint a firm of independent public accountants reasonably acceptable to the Company, which shall give their opinion as to the adjustment, if any, on a basis consistent with the essential intent and principles established herein, necessary to preserve the purchase rights represented by the Options. Upon receipt of such opinion, the Company will promptly mail a copy thereof to the Holder of this Option and shall make the adjustments described therein. The fees and expenses of such independent public accountants shall be borne by the Company.

9. This Agreement shall be governed by and in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, Amerigon Incorporated has caused this Option to be signed by its duly authorized officers under its corporate seal, and this Option to be dated _____, 1997.

AMERIGON INCORPORATED

By: _____
Lon E. Bell, Ph.D., President

(Corporate Seal)
Attest:

_____

PURCHASE FORM

(To be signed only upon exercise of option)

The undersigned, the holder of the foregoing Option, hereby irrevocably elects to exercise the purchase rights represented by such Option for, and to purchase thereunder, _____ Units of Amerigon Incorporated, each Unit consisting of _____ shares of Class A Common Stock, no par value, and _____ Class A Warrant(s) to purchase Class A Common Stock, and herewith makes payment of $_____ thereof.

Dated: _____

Instructions for Registration of Stock and Warrants

_____
Print Name

_____
Address

_____
Signature

OPTION EXCHANGE

The undersigned, pursuant to the provisions of the foregoing Option, hereby elects to exchange its Option for _____ Units of Amerigon Incorporated, each Unit consisting of _____ shares of Class A Common Stock, no par value, and _____ Class A Warrant(s) to purchase Class A Common Stock, pursuant to the Option Exchange provisions of the Option.

Dated: _____

_____
Print Name

_____
Address

_____
Signature

TRANSFER FORM

(To be signed only upon transfer of the Option)

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the right to purchase Units represented by the foregoing Option to the extent of ___ Units, and appoints _____ attorney to transfer such rights on the books of Amerigon Incorporated, with full power of substitution in the premises.

Dated: _____

D.H. BLAIR INVESTMENT BANKING CORP.

By: _____

_____
Address

In the presence of:

PRODUCT ADAPTATION
AND SUPPLY CONTRACT

THIS CONTRACT is made and entered into as of the 25th day of November, 1994, by and between Samsung Heavy Industries Co., Ltd., Kihung R&D Center, Located in Suwon, Korea (hereinafter referred to as "Buyer") and Amerigon, Inc. headquartered at 404 E. Huntington Dr., Monrovia, California 90638 (hereinafter referred to as "Seller").

WHEREAS, Buyer is interested in having Seller (i) make recommendations regarding and (ii) design, develop and manufacture Electric Vehicle (EV) components and 2 EVs for Buyer's EV project;

WHEREAS, Seller is interested in performing such work and has agreed with Buyer on the SAMSUNG AND AMERIGON MEETING MINUTES dated from 17 October 1994 to 20 October 1994 ("Meeting Minutes") in that regard, which Meeting Minutes reflect Seller's expectation that it will sell 48 sets of EV parts and 2 EVs;

NOW, THEREFORE, in view of the foregoing premises and in consideration of the mutual covenants and promises contained in this Contract, Buyer and Seller agree as follows:

ARTICLE 1. CONTRACT SCOPE

1.1. In this Contract Buyer agrees to order the design, development and manufacture of 48 sets of EV components and 2 EVs for Buyer's EV project.

1.2. In this Contract, the Seller and the Buyer agree to the Meeting Minutes for completing this project. The Buyer has therefore decided to award the project to the Seller. Seller, therefore, in consideration of the payment to be made by the Buyer to the Seller, has agreed to enter into a Contract which will result in the development and manufacture of 50 sets of EV parts. Seller agrees to complete the design of the vehicle and manufacture and subassemble parts in the U.S. Final vehicle and frame assembly will be completed at the Seller's facility by Seller for two vehicles and for 40 vehicles at Buyer's facility by Buyer in Korea. Eight part sets will not be assembled and will be provided to Buyer as spare part kits. The vehicle's exterior will be the same as Buyer's prototype SEV-IV. The purposes of these vehicles are for Buyer's evaluation and normal driving on public roads in Korea. The specific tasks to be performed in connection with this Contract are set out and shall be limited to those set forth in Exhibit A, which is attached to and incorporated by reference in this Contract.

ARTICLE 2. SELLER'S RESPONSIBILITY

2.1. The Seller will complete the design and development, tooling, prototype evaluation, design validation and manufacturing of 50 sets of EV parts, meeting overall vehicle and components specifications and program schedule set forth in Exhibit's B, C and D.

2.2. The Seller will be responsible for manufacturing and procurement of all components as set forth in Exhibit E, which outlines procurement responsibility for both Seller and the Buyer.

2.3. Two of the Fifty EV part sets will be assembled by Seller for final evaluation and will be sent to Buyer to be approved by Buyer, and forty-eight sets of the EV parts will be supplied to Buyer for final vehicle and frame assembly in Korea.

2.4. The Seller will assist Buyer and will provide sufficient technical support to assure successful completion of vehicle assembly in Korea. This includes technical support to Buyer and its supplier for final frame and vehicle assembly and body in white components manufacturing.

2.5. The Seller will prepare and deliver to the Buyer all the detail and master drawings, analysis report and testing results, process documentation and assembly procedures.

2.6. The Seller will be responsible for component packaging suitable for Sea shipment to Korea. (all shipments will be F.O.B. Seller's facility).

2.7. The Seller will be responsible for all deliverables as outlined in Exhibit A (Program Scope), Exhibit D (Program Schedule) and Exhibit E (Procurement Responsibility).

2.8. The Seller will provide Buyer with all the fixtures and jigs for final frame assembly in Korea and all the program specific component tooling after completion of the work. The fixtures and jigs for final vehicle assembly will be designed by Seller and fabricated by Buyer.

2.9. The Seller will install Climate Control Modules in the driver and passenger seats of each vehicle.

ARTICLE 3. BUYER'S RESPONSIBILITY

3.1. The Buyer shall provide Seller with a clay model, specifications, requirements and will continuously assist Seller to assure successful program completion as outlined in Exhibit D.

3.2. The Buyer is responsible for shipping and obtaining all relevant documents needed for the importation of the parts and two prototype vehicles into the Buyer's country. This includes all the import fees and taxes imposed in Buyer's country.

3.3. The Buyer will be responsible for final frame and vehicle assembly in Korea. The fixtures and jigs for vehicle assembly will be fabricated by Buyer.

3.4. The Buyer and Seller are responsible for procurement of components according to Exhibit E.

ARTICLE 4. CONTRACT PRICE

4.1. The total contract price for completion of the work hereto is:

USD 8,252,000. (Eight Million, Two Hundred Fifty-two Thousand U.S. Dollars only).

4.2. The Contract Price includes all design & development, component tooling & prototype frame assembly fixtures, prototype build, evaluation & design validation, production of 48 vehicle part kits, completion of 2 vehicles and technical support.

4.3 The Contract Price includes all taxes, including income taxes, duties, fees, levies, customs duties and other charges of any such kind, levied in connection with this Contract or its performance imposed in the Seller's country. A condition of this provision is that all deliverables under this Contract will be shipped directly to a non-U.S. destination (i.e. Korea).

4.4. The Contract Price excludes incoming and/or withholding taxes as well as any duties, customs, duties, fees, levies and other charge whatsoever levied in connection with this Contract or its performance which may be payable in the Buyer's country. Any of the above mentioned taxes, duties, fees, levies, charges, and etc. shall, if they occur, be borne and paid for by the Buyer. The Buyer shall consequently indemnify and keep the Seller harmless from any of the above-mentioned taxes, duties, fees, levies, charges and etc.

4.5. If significant changes are made and agreed to by Buyer and Seller in the specifications or scope of work to be performed under this Contract which will result in increased or decreased costs incurred by Seller, Buyer and Seller will negotiate an appropriate change in the Contract Price.

ARTICLE 5. TERMS OF PAYMENT

5.1. The Contract Price stated in Article 4.1, shall be paid by the Buyer (via Bank Transfer) as follows;

a) 20% of the Contract Price shall be paid as an advance payment within fourteen (14) days after execution of this Contract by Seller and Buyer.

b) 20% of the Contract Price shall be paid fourteen (14) days after completion of vehicle design and shipment of the first drawing package to Buyer.

c) 15% of the Contract Price shall be paid fourteen (14) days after shipment of two (2) prototype vehicles.

d) 35% of the Contract Price shall be paid fourteen (14) days after shipment of forty-eight (48) part kits.

e) 10% of the Contract Price shall be paid fourteen (14) days after Buyer completes the assembly of forty (40) vehicles or, in any case, within six months of shipment to Buyer of the 48 part kits in (d) above.

5.2. The Buyer shall not be responsible for any deduction or retention of payments by the Buyer to the Seller as may be imposed by law or as a result of any other circumstances beyond the Buyer's control.

ARTICLE 6. PERFORMANCE OF WORK AND REMEDIES

6.1. Performance Of Work: The Seller and Buyer will use reasonable care in performing the work which each is required to perform pursuant to Article 1 above and Exhibit A. At the completion of each phase of the Contract, Seller will deliver to Buyer the deliverables referenced in Article 2.

6.2. Remedies: If Seller fails to use reasonable care in performing any task that is included in the Contract which Seller is required to perform pursuant to Article 1 and 2 above and Exhibit A, Buyer will give notice to Seller of such failure. If Seller fails or neglects to carry out the Remedy or fails to perform any provision of this Contract, the Buyer may after forty-five (45) day's written notice to the Seller, and without prejudice to any other remedy he may have, make good such deficiencies, and the Buyer's costs thereon shall be deducted from the sums then or thereafter due to the Seller. Buyer's costs under this paragraph will be limited to reasonable market rate costs for the deficient items.

ARTICLE 7. WORK PRODUCT

7.1 All designs, drawings, specifications, technical data, plans, instruments and other work product produced by, through, or on behalf of, the Seller in the performance of this Contract shall be, at all times, the property of the Buyer, and the Buyer is vested with all rights therein.

ARTICLE 8. GUARANTEE

8.1. This guarantee is valid for a period of twelve (12) months from the date of receipt of parts by Buyer.

8.2. The Seller guarantees that the goods are new and meet the specifications set forth in Exhibits B, C and D, but only to the extent that Seller has procurement responsibility for related components per Exhibit E.

8.3. Should the goods or any parts thereof be repaired, replaced or altered at Seller's expense to fulfill the guarantee, the Seller shall provide a new guarantee of the same conditions for such materials being required, replaced or altered for a period of twelve (12) months from the date of completion of such remedial work.

8.4. The Buyer shall notify the Seller in writing without delay, and no later than 20 days after the date on which the defect appeared, of any defect that has appeared and shall give the Seller every opportunity to inspect and remedy them.

8.5. Should the Seller fail to take such remedial action within 30 days, the Buyer may, at its option, take remedial action at the Seller's expense or select to accept the goods not meeting the specifications herein with adjustment in the purchase price. Any expenses charged to Seller by Buyer under this provision will not exceed reasonable market prices for the items involved.

ARTICLE 9. LIABILITY

9.1. The Seller will not knowingly incorporate in any drawing or other document furnished to Buyer under this Contract any copyrighted material or patented concept of a third party without first notifying the Buyer.

9.2. Recognizing that final vehicle assembly is the responsibility of the Buyer and control over the use of the vehicles resides with Buyer, Buyer indemnifies and holds harmless Seller against any claims for loss or injury, involving components, assemblies, or vehicles designed or delivered under this Contract, made against Seller by Buyer's employees or agents or by third parties.

9.3. In no event the Buyer or Seller shall be liable for indirect or consequential damages.

ARTICLE 10. FORCE MAJEURE

10.1. In this Contract, the event of Force Majeure shall mean

a) flood, storms and other natural disasters, war, civil commotion, hostilities, rebellion, insurrection, strikes, freight embargo, acts of ordinances of governmental or state authorities of both countries.

b) any other circumstances like or unlike foregoing, which are beyond the reasonable control of the party affected.

10.2. Upon learning of an event of Force Majeure which threatens its performance hereunder, a party shall give the written notice thereof immediately to the other parties hereto. Upon request of the other parties, such a party shall provide further information concerning such an event.

10.3. In case of Force Majeure continues for more than 180 days, the Buyer shall, without prejudicing the other rights under this Contract, have the right to terminate this Contract.

ARTICLE 11. TERM AND TERMINATION

11.1. This Contract shall be effective as of the date written in the first paragraph (unnumbered) of this Contract and expire upon the delivery of all deliverables and completion of payments under the contract, unless earlier terminated as provided in Section 11.2 below.

11.2. Either party may terminate this Contract immediately upon written notice to the other party if the other party breaches any material obligation under this Contract and fails to cure such breach within sixty (60) days after being given written notice of such breach.

11.3. Either party may terminate this Contract immediately upon written notice to the other party if one of the parties goes into liquidation, bankruptcy proceedings are initiated against it, a receiver of its assets is appointed, a general assignment for the benefit of its creditors is made or if substantial change in the legal status, ownership or management takes place. The same shall apply if force majeure for a period of more than 180 days.

11.4 The rights and obligations of the parties under Sections 8, 9, and 13 above shall survive termination or expiration of the Contract.

ARTICLE 12. MISCELLANEOUS

12.1. Any modifications or amendments to this Contract are only valid if made in writing to this Contract and if duly signed by the parties.

12.2. The language to be applied during the performance of the Contract is English. All documents or correspondences shall be in English.

12.3. Should one or more stipulations of this Contract be held to be invalid, unenforceable or illegal for any reason, the other stipulations of this Contract shall nevertheless remain effective. In such case the hiatus in the Contract shall be filled by valid provision coming as close as possible to what the parties had intended if they had known the invalidity of the respective stipulations.

12.4. Each party shall not assign the Contract or any part thereof, without the written consent of the other party.

ARTICLE 13. ARBITRATION

13.1. The Buyer and Seller shall use their best efforts to settle any claimed breach, dispute or controversies of this Contract, making a good-faith effort to reach a just and equitable settlement satisfactory to both parties. If the claim is not settled by the senior executives of the parties at that meeting, then, unless the parties otherwise agree in writing, it shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Contract. Such arbitration shall be the sole and exclusive remedy between the parties with respect to such claim. Such arbitration shall be held in Los Angeles, California, U.S.A.

13.2. The dispute referred to arbitration is not a reason to stop the fulfillment of the other contractual obligation by the parties.

ARTICLE 14. PATENTS

14.1. The Seller shall be responsible for any infringement with regard to patent, utility model, trade-mark or design in the EV project whether in the Buyer's country or any other country or place. In the event that any dispute relating to such right or rights might arise, Buyer shall be entitled to cancel this Contract at his own accord and shall remain immune from any liability and responsibility for whatever arises from such dispute.

14.2. The Seller shall be solely responsible therefore and shall defend, reimburse, indemnify and keep the Buyer innocent thereof at the Seller's risk and expense.

ARTICLE 15. OBSERVANCE OF SECRECY

15.1 During the term of this Contract, the Seller shall hold confidential and will note disclose in any manner to any third party or parties any information concerning all information furnished by the Buyer under this Contract.

ARTICLE 16. SIGNATURE

IN WITNESS WHEREOF, this Contract to be executed by their duly authorized representatives on the day and year first above written.

AMERIGON, INC.	SAMSUNG HEAVY INDUSTRIES, INC.
By: /s/ ZAYA S. YOUNAN	By: /s/ JU WHA JEONG
Zaya S. Younan	Ju Wha Jeong
Title: Vice President	Title: Vice President
Date: November 25, 1994	Date: November 25, 1994

EXHIBIT A

Work Scope & Program Cost Breakdown

EXHIBIT A
WORK SCOPE

ITEM	AMERIGON	SAMSUNG	REMARK
1 STYLING & SKIN (POINT & CARVE)		O	SAMSUNG WILL PROVIDE SKIN DATA (COMPUTER DATA & DRAWING)
2 SKIN FAIRING; CURVE DATA - SURFACE DATA	O		MAKING SMOOTH SURFACE USING CAD SYSTEM
3 ENGINEERING			
- - PACKAGE LAYOUT	0	0	- SAMSUNG WILL PROVIDE BASIC LAYOUT DRAWING
- - MASTER DRAWING	0		- AMERIGON MUST MEASURE ACCURATE CHASSIS MOUNTING POINT (SENTRA 93,94 MY)
- - DETAIL DRAWING	0		
- - ASSY DRAWING	0		- SAMSUNG WILL PROVIDE COLOR COMBINATION CHART
- - INSTAL DRAWING	0		
4 PROTOTYPE VEHICLE (2)	O		INCLUDE ALL PARTS
5 TOOLS & FIXTURE	O		ALL COMPONENTS AND FRAME ASSEMBLY FIXTURES
6 PARTS (48)	O	O	SEE PROCUREMENTS RESPONSIBILITY (EXHIBIT E)

- - Amerigon must control all the sub-companies which provide components to Amerigon for this EV project, in order to well correspond between Samsung and sub-companies under Amerigon's control.

- - Amerigon must design new SEV IV and all engineering drawings, however, maintaining SEV III styling (exterior & interior) only.

- - Samsung can not provide parts drawing because there is no drawing about SEV III (That is hand made product).

- - Samsung use CATIA computer system, so Amerigon must provide above mentioned drawing by CATIA data and/or paper drawing. (Preliminary Release; APR. 30, 1995, Final Release: OCT. 30, 1995).

- - Amerigon must make new EPL (Engineering parts List) Reference to the Attachment Detail Parts List (15 pages).

DEVELOPING FLOW

[Development Flowchart]

ACTIVITIES
DEFINITION

- - DESIGN AND DEVELOPMENT

Amerigon will perform the necessary design and analyses required to verify the existing Samsung body and frame design for their SEV. This includes completing the body design (interior and exterior) with all the electrical and component system integration. Amerigon will be responsible for developing all the master and detailed drawings and tooling for limited volume manufacturing purposes. This includes all the fit and function trials on prototype components. During this period Samsung will have engineering staff available at Amerigon for training and program coordination with Korea. In addition, we will hold meetings as required in Korea and the U.S. to discuss the program status. Amerigon to supply the drawings necessary to fabricate the parts that Amerigon has designed. For the skin-related interior and exterior body and trim pieces and complicated cast pieces, Amerigon will supply section and part drawings. Amerigon will not supply detailed drawings for carry-over parts but will provide the outline package.

- - COMPONENT TOOLING & PROTOTYPE ASSEMBLY FIXTURES

Amerigon (including our suppliers) will design and assemble the component tooling suitable to manufacture 50 sets of electric vehicle parts. All the tooling with the exception of carryover parts will be manufactured by Amerigon. Tooling will include simple assembly fixtures for completion of the two vehicles and fixtures for final frame assembly in Korea. The deliverables for this activity to Buyer are all the engineering drawings and reports

- - PROTOTYPE BUILD, EVALUATION & DESIGN VALIDATION

Amerigon will build two complete vehicles for basic performance, stability and limited durability testing. These two completed vehicles will be shipped to Samsung for their final approval. Amerigon will purchase all the necessary components to complete these two vehicles including the carryover parts. Amerigon will also provide Samsung with all the needed information including company names, addresses, and product description, etc., for carry-over parts. The deliverables for this activity to Buyer are two (2) completed Evs.

ACTIVITIES
DEFINITION

- - PRODUCTION OF PARTS

Amerigon will manufacture two completed vehicles and 40 sets of parts as assembly kits that will include sub-assembled components as outlined in Procurement Responsibility. We will also manufacture 8 complete sets of parts for use as spares. Amerigon will also provide an experienced engineer on-site to assist Samsung with final vehicle assembly limited to the time period shown in the program schedule. The deliverable for this activity to Buyer are 48 sets of part kits.

- - TECHNICAL SUPPORT

Amerigon will do technical support for body in white component assembly in Korea with his expense including freight, meal, accommodation charge irrespective of the period.

- - Technical Support

- Request information for Korea Homolgation

- Owner's Manual

- Service Manual

- Assembly Manual

- Engineering Part List

- Tool and Jigs List

AMERIGON

SUMMARY OF PROPOSAL COSTS

PROGRAM ACTIVITY	AMERIGON'S FINAL PROPOSAL QUOTATION SUBMITTED 9-29-94
Design & Development	$1,750,000
*Component Tooling & Prototype Assembly and Fixtures (Includes RTM Tooling)	$2,827,500
Prototype Build, Evaluation & Design Validation	$1,105,200
*Production of 48 Vehicle Part Kits	$2,230,750
Installation of Climate Control System in the seats	$90,000
Tooling Cost for Final Frame Assembly (Jigs & Assembly Fixtures)	$92,850
Technical Support for Body in White Component Assembly in Korea	$72,000
Packaging Cost	$83,700
TOTAL	$8,252,000

*Note: The tooling cost includes RTM for body components. The cost for production of 48 vehicles includes new responsibility for additional parts. See attached revised procurement responsibility.

EXHIBIT B

Preliminary Overall Vehicle
Specification

EXHIBIT B
Preliminary Overall Vehicle Specification
for Samsung SEV-IV

1.0 VEHICLE TYPE

Passenger:	4
Type:	2 Door Hatch Back
Drive:	Front Wheel (Motor Direct Drive)

2.0 PHYSICAL DIMENSIONS

Overall Length:	4,055 mm
Width:	1,675 mm
Height:	1,490 mm
Wheelbase:	2,485 mm
Track Front:	1,440 mm
Rear:	1,425 mm
Curb Weight:	1,400 kg (target)
Weight Distribution:	50/50 With One Occupant

3.0 CLEARANCES

Nominal Ground Clearance:	165mm
Depth of pothole that can be cleared:	N.A.
Angle of ramp that can be cleared:	15 DEG. (Min.)
Approach Angle:	17 DEG. (Min.)
Departure Angle:	17 DEG. (Min.)
Height of curb that can be cleared:	N.A.
Front wheel to fender:	Amerigon recommends 30-40 mm (Samsung to verify)
Rear wheel to fender:	Amerigon recommends 30-40 mm (Samsung to verify)

4.0 ACCELERATION AND POWER

Acceleration:	0 to 400 m: 21.0 sec. 0 to 100 kph: 16 sec.
Max. Speed:	More than 120 km/h
Hill Climbing Ability:	20% Min. at 15 kph for up to 5 Min.

5.0 RANGE (MAINTENANCE FREE LEAD ACID BATTERY)

Constant Speed (40 kph): More than 150 km
City Drive (Seoul): More than 60 km

6.0 BRAKE

Performance

60 to 0 kph:	43 m (max.)
30 to 0 kph:	18 m (max.)
Max. Speed to 0 kph:	75 m
Max. deceleration by brakes:	1g (max.)
Wet Pavement 60 to 0 kph:	52 m (max.)

Uniformity of braking deceleration
Spec to be developed by Samsung
Regeneration before brake application
Up to 0.3 g (Adjustable by controller) when acceleration pedal is fully lifted. Maximum regen must be adjustable by Samsung
Regenerative during brake application
Up to 0.6 g (Adjustable by controller) when accelerator is fully lifted. Maximum regen must be adjustable by Samsung
Response Time
Response Time from pedal application: 100 msec (max.)
Response Time from pedal release: 100 msec (max.)
Vehicle stability during braking
Must be able to maintain control under heavy braking. Maximum 0.25 degree yaw.
Brake noise: Less than 50 db
Parking Brake: Meets FMVSS standards

7.0 SUSPENSION

According to Basic Vehicle (Carry Over)

8.0 TIRE AND WHEEL

Tire Size:	175/70/R13 - use Goodyear Invicta GLR
Temp.:	T105/70/D14
Wheel Size:	5.5 J x 13

9.0 HANDLING

Lateral Acceleration:	0.75 g (min.)
Degree of body roll:	3.5 degree max. at 0.5 g
	5.0 degree max. at max. accel.

10.0 DRIVE TRAIN

Motor & Controller Type:	AC Induction
Power:	Satisfy Vehicle Performance
Energy Used:	Satisfy Driving Range
Transmission Type:	Single Speed
Final Drive:	Differential

11.0 OCCUPANT INTERACTION

Display Supported:

Speedometer, Odometer, Turn Signal, Drive Engaged, Battery Level, Motor Temp., Lights for Brake, High Beam Low Energy Remaining, Seat Belt, Door Opening, Hood Opening, Refer to Ordering Spec.

12.0 OCCUPANT PROTECTION AND SAFETY

Crash Worthiness:	Per Amerigon's Specification (Do not do vehicle tests, Simulation only)
Seat Belts:	Frame will be hard points for 3 points belts
High Voltage Isolation	Incorporated in controller

High Voltage Crash Disconnect

Battery Containment Requirements

Fail-safe models for loss of power brakes and steering revert to manual

Field of Vision:	According to Samsung SEV - III
Do not start*:	At Charging
	To prevent quick start, driver has to foot brake pedal when start

13.0 DURABILITY

Warranty: 1 year 24,000 km (min.)

Target Life

Batteries:	1,000 Recharge cycle
Brakes:	120,000 km
Shock Absorbers:	150,000 km
Tire:	50,000 km

Battery pack replacement in field service possible

14.0 MAINTENANCE

Periodic maintenance:	Check transmission oil Check coolant

15.0 ENVIRONMENT

Temp. Range:	-20 DEG. C to 40 DEG. C Operating -40 DEG. C to 85 DEG. C Storage
Humidity Range:	0 to 100% Non-condensing
Rain on Chassis:	Must not damage or impair function Must not allow any current leakage from/into electrical system

16.0 INTERFACES

Electrical Supply to Charger:	220 V 15 Amps. 60 Cycles
Test Equipment Interface:	RS 232 C
Tow hooks and towing provisions	2 in front, 1 in rear
Vehicle ID Number:	Assigned by Samsung
Require warning level:	SAE standard on high voltage systems

EXHIBIT C

Component Specification

EXHIBIT C
SAMSUNG SEV - IV COMPONENT SPECIFICATION

	ITEMS	REMARKS
transmission	single speed	same
brakes	carry over vacuum assist	same
suspension	carry over	same
tires	175/70 R 13 T105/70 D 14	Amerigon recommends using Goodyear Invicta GLR model for low rolling resistance
wheels	5.5 J x 13 wheel covers	same
instruments	digital clock gauges: speedometer trip odometer motor temp current meter battery level meter warning lights turn signals brake/parking brake EV failure door ajar low battery high beam fog lamp seat belt rear glass heating	same Amerigon will also include the Energy Management System -display screen control panel
glass	windscreen: laminated door: tempered back: tempered with heater (on timer)	same
seats	front: bucket type level to slide level to recline head rest: up/down rear: fixed bench head rests cloth covering	same

COMPONENT SPECIFICATION CONT.

	ITEMS	REMARKS
interior	console: with storage box power window switch ash tray: in dash rear mirror: day/night dual cloth visors formed cloth headliner door trim: cloth in center door speakers trunk trim: fiberboard pillar trim: carpet assist grip: passenger coat hanger: rear seat glove box: w/o lock	same
exterior	bumper: 2.5 mph body color door handle and trim standard color mirrors: manual remote body color glass seal: black PVC wheelwell liners tow hooks: front and rear badges: film type	same
Audio	ETR + cassette antenna: induction type on glass speaker: in front doors 5" or larger	same, with the exception of external antenna

COMPONENT SPECIFICATION CONT.

	ITEMS	REMARKS
Electrical	exterior lamp head lamp with turn signal (semi-sealed halogen type) front fog lamp rear combo lamp license plate lamp interior lamp single horn power windows 12V 60 AH aux btty switches and controls: fog lamp hazards power windows door lock emergency direction (fwd, n, rev) brake lights horn window heater washer and wiper variable intermittent low and high settings	same
Heating	four speed fan rotary temp switch	same
Climate Controlled Seat (option)	CCS module in seat control switch on console	Amerigon recommends using optional unit

EXHIBIT D

Summary of Program Schedule

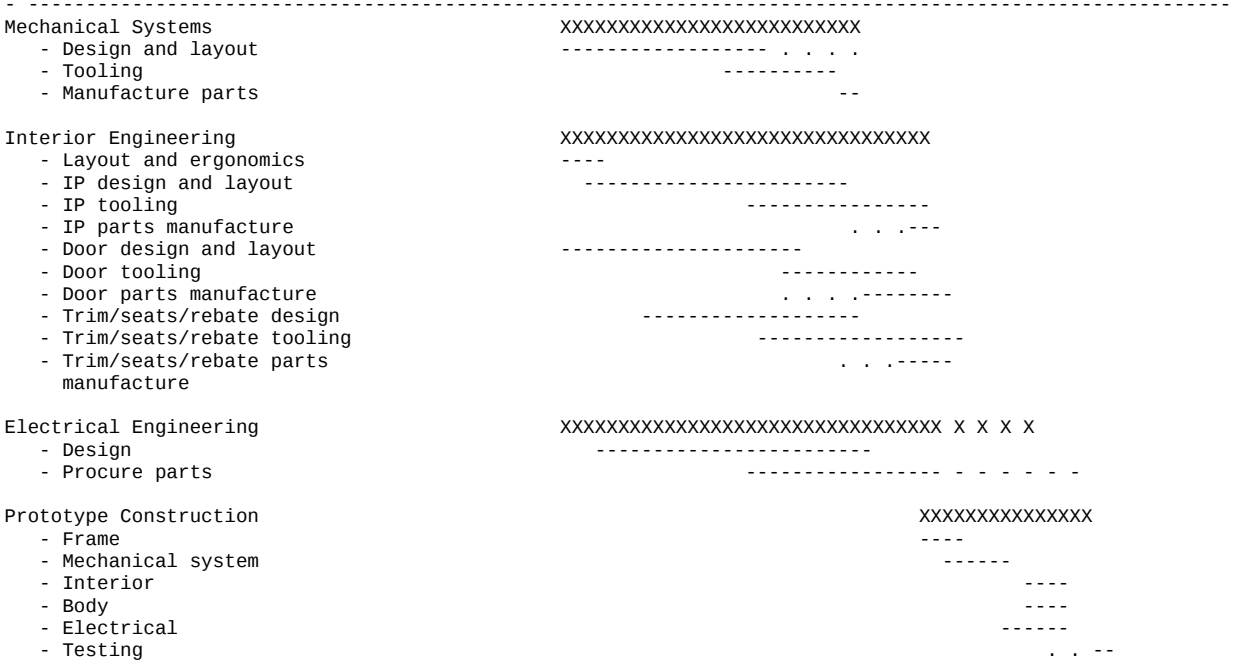
AMERIGON

SAMSUNG SEV - IV PRELIMINARY PROGRAM SCHEDULE

	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Amerigon to provide original proposal		+														
Draft and finalize agreement for Samsung's approval		---														
Technical discussion in Korea		XX														
- SEV III review		--														
- digitized SEV-IV data		+														
- define contact names		+														
- define COP, materials, and processes from detailed parts list		+														
Packaging																
Preliminary skin fairing, component selection, layout			----													
Frame Engineering				XXXXXXXXXXXXXXXXXXXXXX												
- Design				----------												
- Tooling							----------									
- Manufacture parts								-----								
Body Engineering				XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX												
- Design: Check surfaces, rebating, styling, exterior parts				----------			----------									
- Tooling																
- Manufacture parts									----------							

AMERIGON

SEV - IV PRELIMINARY PROGRAM SCHEDULE (CONT.)



AMERIGON

SEV - IV PRELIMINARY PROGRAM SCHEDULE (CONT.)

	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Ship 2 units to Samsung													+			
Samsung review 2 prototypes during testing at Amerigon													--			
Samsung agrees to release of parts														+		
Samsung agrees to release of tools														+		
													XXXXXXXXXXXXXXXX			
Amerigon builds 48 kits													----	-----		
- Frame parts build														------		
- Frame sub-assemblies														------		
- COP procurement														------		
- Kit assembly														XXXX		
- Ship kits to Samsung														--		
Ship tools to Samsung														--		
- Packing																
- Ship																

AMERIGON

SEV - IV PRELIMINARY PROGRAM SCHEDULE (CONT.)

	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Amerigon prepares drawings							----------						. . .			
Amerigon prepares operator manual													----------			
Amerigon prepares service manual													----------			
Amerigon provides technical advice on kit assembly														----------		
Amerigon provides preliminary layout				+												
Amerigon provides final layout								+								
Amerigon provides homologation documents												+				
Amerigon provides preliminary engineering parts list				+												
Amerigon provides 2 revisions of final engineering parts list									+				+			
Amerigon provides preliminary assembly tooling list				+												
Amerigon provides final assembly tooling list									+							

EXHIBIT E

Procurement Responsibility

DETAIL PARTS BODY
&
PROCUREMENT RESPONSIBILITY

1000	BODY	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
1100	SPACE FRAME & PANEL									ASSY IN SAMSUNG
1101	UNDERBODY FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1102	UNDERBODY PANEL	*	NEW	PLASTIC		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1103	FRONTEND FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	I/FR BPP FRAME
1104	SIDE FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1105	ROOF STRUCTURE FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1106	FRONT FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1107	REAR FRAME	*	NEW	AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	I/FR BPR RAIL
1108	WHEELHOUSE FRONT PANEL	1	NEW	PLASTIC		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1109	WHEELHOUSE REAR PANEL	1	NEW	PLASTIC		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1200	COVER PLATE									RTM NOTE:
1201	SIDE PANEL	1/1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON TO
1202	FRONT FENDER, LH/RH	1/1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	INVESTIGATE TOOL
1203	ROOF	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	COST AND TIMING
1204	FRONTEND PANEL (COWL)	*	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	OF THE RTM PARTS.
1205	REAREND PANEL	*	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1300	HOOD									
1301	PNL-HOOD OUTER	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	SEE RTM NOTE
1302	PNL-HOOD INNER	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1303	HINGE ASSY-HOOD, LH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1304	HINGE ASSY-HOOD, RH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1305	STAY ROD	1	NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1306	BUMPER-HOOD OVER SLAM	2	COP	RUBBER		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1307	BUMPER-HOOD GUIDE	2	COP	RUBBER		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1308	WEATHER STRIP ASSY-HOOD (REAR)	1	COP/ MODIFY	RUBBER		AMERIGON	AMERIGON	AMERIGON	AMERIGON	

DETAIL PARTS BODY
&
PROCUREMENT RESPONSIBILITY

1000	BODY	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
1309	SEAL STRIP ASSY-HOOD (FRONT)	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1310	STRIKER ASSY-HOOD	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1311	LATCH ASSY-HOOD	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1312	HANDLE ASSY-HOOD LATCH RELEASE	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1313	CABLE ASSY-HOOD RELEASE	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1400	DOOR									
1401	PANEL-DR OUTER, LH	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	SEE RTM NOTE
1402	PANEL-DR OUTER, RH	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1403	MEMBER ASSY-DOOR REINFORCE, LH	1	NEW	STEEL/AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	PIPE
1404	MEMBER ASSY-DOOR REINFORCE, RH	1	NEW	STEEL/AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	PIPE
1405	PANEL-DOOR INNER, LH	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1406	PANEL-DOOR INNER, RH	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1407	FRAME ASSY-DOOR, LH	1	COP/NEW	STEEL/AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1408	FRAME ASSY-DOOR, RH	1	COP/NEW	STEEL/AL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1407	HINGE ASSY-DOOR UPPER, LH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1408	HINGE ASSY-DOOR UPPER, RH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1409	HINGE ASSY-DOOR LOWER, LH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1410	HINGE ASSY-DOOR LOWER, RH	1	COP/NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1411	REGULATOR ASSY-DOOR WINDOW, LH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1412	REGULATOR ASSY-DOOR WINDOW, RH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1413	LATCH ASSY-DOOR, LH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1414	LATCH ASSY-DOOR, RH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1415	STRIKER ASSY-DOOR	2	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1416	ROD DOOR INSIDE HANDLE, LH	1	NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1417	ROD DOOR INSIDE HANDLE, RH	1	NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1418	ROD DOOR SAFETY LOCK, LH	1	NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1419	ROD DOOR SAFETY LOCK, RH	1	NEW	STEEL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1420	KNOB-DR SAFETY LOCK, LH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	

DETAIL PARTS BODY
&
PROCUREMENT RESPONSIBILITY

1000	BODY	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
1421	KNOB-DOOR SAFETY LOCK, RH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1422	HANDLE ASSY-DOOR INSIDE, LH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1423	HANDLE ASSY-DOOR INSIDE, RH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1424	HANDLE ASSY-DOOR OUTSIDE, LH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1425	HANDLE ASSY-DOOR OUTSIDE, RH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1426	CHECKER ASSY-DOOR, LH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1427	CHECKER ASSY-DOOR, RH	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1428	GLASS-DOOR DROP, LH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1429	GLASS-DOOR DROP, RH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1430	CHANNEL-DOOR QUADRANT, LH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1431	CHANNEL-DOOR QUADRANT, RH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1432	RUN ASSY-DOOR GLASS, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1429	RUN ASSY-DOOR GLASS, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1430	CHANNEL-DOOR GUIDE, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1431	CHANNEL-DOOR GUIDE, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1432	WEATHER STRIP-BODY SIDE, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1433	WEATHER STRIP-BODY SIDE, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1434	WEATHER STRIP-DOOR SIDE, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1435	WEATHER STRIP-DOOR SIDE, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1436	WEATHER STRIP ASSY-BELT OUTSIDE, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1437	WEATHER STRIP ASSY-BELT OUTSIDE, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1438	WEATHER STRIP-BELT INSIDE, LH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1439	WEATHER STRIP-BELT INSIDE, RH	1	COP/ MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1440	PANEL ASSY-DOOR TRIM, LH	1	NEW	WOOD STOCK/ FRP		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1441	PANEL ASSY-DOOR TRIM, RH	1	NEW	WOOD STOCK/ FRP		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1442	PANEL ASSY-DOOR UPPER TRIM, RH	1	NEW	CLOTH		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1143	PANEL ASSY-DOOR UPPER TRIM, LH	1	NEW	CLOTH		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1444	MAP POCKET-FRONT DOOR TRIM, LH	1	NEW	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	

DETAIL PARTS BODY
&
PROCUREMENT RESPONSIBILITY

1000	BODY	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
1445	MAP POCKET-FRONT DOOR TRIM, RH	1	NEW	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1446	SEAL-DOOR TRIM, LH	1	NEW	VINYL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1447	SEAL-DOOR TRIM, RH	1	NEW	VINYL		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1448	HANDLE ASSY-DOOR GRIP, LH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1449	HANDLE ASSY-DOOR GRIP, RH	1	NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1500	TAIL GATE									
1501	PANEL-TAIL GATE OUTER	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	SEE RTM NOTE
1502	PANEL-TAIL GATE INNER	1	NEW	FRP	RTM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1503	HINGE ASSY-TAIL GATE, LH	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1504	HINGE ASSY-TAIL GATE, RH	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1505	BUMPER-TAIL GATE OVER SLAM	2	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1504	LIFTER-TAIL GATE	2	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1505	STRIKER ASSY-TAIL GATE	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1506	LATCH ASSY-TAIL GATE	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1507	DOOR ASSY-BATTERY RECHARGE	1	NEW	FRP		AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
1508	BUMPER-BATTERY RECHARGE OVER SLAM	2	COP	RUBBER		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1509	BATTERY RECHARGE DOOR LOCK SYS.	*	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	INCLUDE CABLE
1510	WEATHER STRIP-TAIL GATE	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
1600	KEY SET									
1601	KEY SET	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	

DETAIL PARTS INTERIOR TRIM
&
PROCUREMENT RESPONSIBILITY

2000	INTERIOR TRIM	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
2100	INSTRUMENT PANEL									
2101	INSTRUMENT PANEL ASSY	1	NEW	ABS/PC OR PP	INJECTION	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2102	GLOVE BOX ASSY	1	NEW	ABS OR PP	INJECTION	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2103	LOCK ASSY-GLOVE BOX	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	W/O KEY
2104	CLUSTER FACIA PANEL	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2105	CENTER FACIA PANEL	1	NEW	ABS	SHI WANTS INJ.	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2106	TRAY-CTR FACIA	1	NEW	ABS	SHI WANTS INJ.	AMERIGON	AMERIGON	AMERIGON	AMERIGON	PUSH & SLIDING
2107	SHROUD-STEERING COLUMN - UPR	1	COP/NEW	PP OR ABS	VAC CAST/FORM	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2108	SHROUD-STEERING COLUMN - LWR	1	COP/NEW	PP OR ABS	VAC CAST/FORM	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2109	CONSOLE ASSY	1	NEW	ABS	VAC CAST/FORM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
2200	SIDE TRIM									
2201	FR & CTR PLR TRIM ASSY - LH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2202	FR & CTR PLR TRIM ASSY - RH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2203	QTR INR TRIM ASSY - LH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2204	QTR INR TRIM ASSY - RH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2205	QTR INR CTR TRIM ASSY - LH	1	NEW	ABS + CLOTH	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	CLOTH COVER'G
2206	QTR INR CTR TRIM ASSY - RH	1	NEW	ABS + CLOTH	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	CLOTH COVER'G
2207	COWL SIDE TRIM ASSY - LH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2208	COWL SIDE TRIM ASSY - RH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2209	DR SCUFF TRIM ASSY - LH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2210	DR SCUFF TRIM ASSY - RH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2211	REAR PLR TRIM ASSY - LH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2212	REAR PLR TRIM ASSY - RH	1	NEW	ABS	VACUUM FORM'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2300	ROOF TRIM									
2301	HEAD LINING ASSY	1	NEW	CLOTH	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2302	ASSIST HANDLE ASSY	1	COP		RETRACT. TYPE	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2303	SUN VISOR ASSY - LH	1	COP		MEET TO H/LING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
2304	SUN VISOR ASSY - RH	1	COP		MEET TO H/LING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	

DETAIL PARTS INTERIOR TRIM
&
PROCUREMENT RESPONSIBILITY

2000	INTERIOR TRIM	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
2400	TRUNK TRIM									
2401	REAR SHELF CENTER TRIM	1	NEW	W/STOCK + W/PAPER	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	W/STOCK;WOODSTOCK
2402	LUGGAGE SIDE TRIM ASSY - LH	1	NEW	BOARD + W/PAPER	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2403	LUGGAGE SIDE TRIM ASSY - RH	1	NEW	BOARD + W/PAPER	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2404	LUGGAGE REAR TRIM ASSY	1	NEW	BOARD + W/PAPER	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2405	LUGGAGE MAT	1	NEW	W/PAPER	TRIM'G OR CUT'G	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2500	FLOOR & BRACKETS									
2501	FLOOR CARPET ASSY	1	NEW	NEEDLE TYPE	HOT PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2502	BRACKET-CLUSATER GAUGE MTG.LH	1	NEW	SPCC	PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SUPPORT TO I/P
2503	BRACKET-CLUSATER GAUGE MTG.RH	1	NEW	SPCC	PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SUPPORT TO I/P
2504	BRACKET-GL/BOX HINGE MTG	1	NEW	SPCC	PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SUPPORT TO GL/BOX
2505	STRIKER ASSY-GL/BOX	1	COP/NEW	SM2SC	PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2506	BRACKET ASSY-CTR SUPPORT	1	NEW	SPCC	PRESS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SUPPORT TO I/P
2600	VENTILATION									
2601	NOZZLE ASSY-DEFROSTER	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAMSUNG TO APPROVE
2602	NOZZLE ASSY-DEFROSTER SIDE, LH	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	STYLING
2603	NOZZLE ASSY-DEFROSTER SIDE, RH	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2604	VENT LOUVER ASSY-CTR	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2605	VENT LOUVER ASSY-SIDE, LH	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2606	VENT LOUVER ASSY-SIDE, RH	1	COP	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2607	HOSE ASSY-SIDE DEFROSTER, LH	1	NEW	PP		AMERIGON	AMERIGON	AMERIGON	AMERIGON	USE BEST PROCESS
2608	HOSE ASSY-SIDE DEFROSTER, RH	1	NEW	PP		AMERIGON	AMERIGON	AMERIGON	AMERIGON	USE BEST PROCESS
2609	DUCT ASSY-CTR AIR VENT	1	NEW	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	USE BEST PROCESS
2610	DUCT ASSY-SIDE AIR VENT, LH	1	NEW	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	USE BEST PROCESS
2611	DUCT ASSY-SIDE AIR VENT, RH	1	NEW	ABS		AMERIGON	AMERIGON	AMERIGON	AMERIGON	USE BEST PROCESS
2612	HEATER CONTROL		COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2613	HEATER ASSY		COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	ELECTRIC

DETAIL PARTS INTERIOR TRIM
&
PROCUREMENT RESPONSIBILITY

2000	INTERIOR TRIM	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
2700	SEAT									
2701	FRONT SEAT ASSY, LH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2702	FRONT SEAT ASSY, RH	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2703	HEAD REST ASSY	2	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2704	CUSHION ASSY-REAR SEAT	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2705	BACK ASSY-REAR SEAT	1	COP/MODIFY			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
2800	SEAT BELT									
2801	BELT ASSY-FRONT SEAT, LH	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG	ELR 3PT
2802	BELT ASSY-FRONT SEAT, RH	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG	ELR 3PT
2803	BELT ASSY-FRONT SEAT, LH	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG	ELR 3PT
2804	BELT ASSY-FRONT SEAT, RH	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG	ELR 3PT

DETAIL PARTS EXTERIOR TRIM
&
PROCUREMENT RESPONSIBILITY

3000	EXTERIOR TRIM	QTY	COP/NEW	MATERIAL	PROCESS
3100	LAMP				
3101	LAMP ASSY-HEAD, LH (WITH T/SIGNAL)	1	NEW	LENS:PC	LENS:INJECTION
3102	LAMP ASSY-HEAD, RH (WITH T/SIGNAL)	1			HGS:VACUUM CAST'G
3103	LAMP ASSY-FRONT FOG	2	NEW/COP		
3104	LAMP ASSY REAR COMB, LH	1	NEW	LENS:ACRYL	LENS:INJECTION
3105	LAMP ASSY REAR COMB, RH	1			HGS:VACUUM CAST'G
3106	LAMP ASSY-LICENSE PLATE	2	COP		
3200	MIRROR & GLASS				
3201	MIRROR ASSY-INSIDE REAR VIEW	1	COP		
3202	MIRROR ASSY-OUTSIDE REAR VIEW, LH	1	COP/MODIFY		BASE PLATE:NEW OR
3203	MIRROR ASSY-OUTSIDE REAR VIEW, RH	1			MODIFY
3204	GLASS ASSY-WINDSHIELD	1	NEW	GLASS	
3205	GLASS ASSY-TAIL GATE	1	NEW	GLASS	
3206	GLASS ASSY-FIXED GLASS, LH/RH	1/1	NEW	GLASS	
3207	COVER ASSY-COWL TOP	1	COP/NEW	ABS OR PP	VACUUM CASTING
3208	MOULD'G ASSY-WINDSHIELD GLASS	1	COP/NEW	PVC	EXTRUSION
3209	MOULD'G ASSY-TAIL GATE	1	COP/NEW	PVC	EXTRUSION
3210	MOULD'G ASSY-FIXED GLASS, LH/RH	1/1	COP/NEW	PVC	EXTRUSION
3300	BUMPER				
3301	COVER-FRONT BUMPER	1	NEW	TPO	INJECTION OR ?
3302	RAIL-FRONT BUMPER	1	NEW	AL	
3303	COVER-REAR BUMPER	1	NEW	TPO	INJECTION OR ?
3304	RAIL-REAR BUMPER	1	NEW	AL	
3400	WIPER & WASHER				
3401	WIPER ASSY-WINDSHIELD (WITH LINKAGE)	1	COP/MODIFY		
3402	WASHER ASSY-WINDSHIELD	1	COP		
3403	RESERVOIR ASSY-WINDSHIELD WASHER	1	COP		

LIMITED PRODUCT

ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
AMERIGON	AMERIGON	AMERIGON	AMERIGON	ECE 20.02
AMERIGON	AMERIGON	AMERIGON	AMERIGON	
AMERIGON	AMERIGON	AMERIGON	AMERIGON	NEW LENS & MAT'L STYLING
AMERIGON	AMERIGON	AMERIGON	AMERIGON	
AMERIGON	AMERIGON	AMERIGON	AMERIGON	
AMERIGON	AMERIGON	AMERIGON	AMERIGON	
AMERIGON	AMERIGON	AMERIGON	SAMSUNG	MEET TO STYLING
AMERIGON	AMERIGON	AMERIGON	AMERIGON	
AMERIGON	AMERIGON	AMERIGON	AMERIGON	MEET TO STYLING
AMERIGON	AMERIGON	AMERIGON	AMERIGON	LAMINATED
AMERIGON	AMERIGON	AMERIGON	AMERIGON	TEMPERED
AMERIGON	AMERIGON	AMERIGON	AMERIGON	TEMPERED
AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAMSUNG TO CONFIRM
AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAMSUNG TO CONFIRM
AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAMSUNG TO CONFIRM
AMERIGON	AMERIGON	AMERIGON	AMERIGON	FMVSS 215
AMERIGON	AMERIGON	AMERIGON	AMERIGON	FRONT END FRAME
AMERIGON	AMERIGON	AMERIGON	AMERIGON	FMVSS 215
AMERIGON	AMERIGON	AMERIGON	AMERIGON	REAR END FRAME
AMERIGON	AMERIGON	AMERIGON	AMERIGON	2 SPEED INTERM'T
AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
AMERIGON	AMERIGON	AMERIGON	SAMSUNG	WITH HOSE ASSY

DETAIL PARTS INTERIOR TRIM
&
PROCUREMENT RESPONSIBILITY

3000	EXTERIOR TRIM	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
3500	TRIM									
3501	EMBLEM	1	NEW	TAPE		SAMSUNG	SAMSUNG	SAMSUNG	SAMSUNG	DESIGN BY SAMSUNG
3502	WHEEL GUARD-FRONT, LH	1	NEW	PE	VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
3503	WHEEL GUARD-FRONT, RH	1	NEW	PE	VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
3504	WHEEL GUARD-REAR, LH	1	NEW	PE	VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
3505	WHEEL GUARD-REAR, RH	1	NEW	PE	VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
3506	MUD GUARD-FRONT, LH/RH	1/1	NEW/COP		VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	MEET TO STYLING
3507	MUD GUARD-FRONT, LH/RH	1/1	NEW/COP		VACUUM FORMING	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	MEET TO STYLING

DETAIL PARTS POWER TRAIN
&
PROCUREMENT RESPONSIBILITY

5000	POWER TRAIN	QTY	COP/NEW	MATERIAL	PROCESS
5001	TRANS AXLE ASSY-MANUAL	1	COP/NEW		
5002	PINION-SPEEDOMETER	1	COP	PLASTIC OR STEEL	INJECTION
5003	RING-LOCK, SPEEDOMETER PINION	1	COP	PLASTIC OR STEEL	INJECTION
5004	SEAL-O RING, SPEEDOMETER PINION	1	COP	RUBBER	INJECTION
5005	COUPLING-INPUT SHAFT, TRANS	1	COP/NEW	OVER S45C	MACHINING
5006	ADAPTER PLATE-CLUTCH HOUSING	1	NEW	AL	CAST'G/MACHIN'G
5007	DOWEL PIN-BLOCK TO TRANSMISSION	2	COP/NEW	SICC	MACHINING
5008	BRACKET & INSULATOR ASSY(MOTOR & T/M)	3-4	COP/MODIFY	STEEL-RUBBER	

LIMITED PRODUCT

5000	POWER TRAIN	ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
5001	TRANS AXLE ASSY-MANUAL	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
5002	PINION-SPEEDOMETER	AMERIGON	AMERIGON	AMERIGON	AMERIGON	ABLE TO CHANGE WITH
5003	RING-LOCK, SPEEDOMETER PINION	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SPEEDO METER GEAR
5004	SEAL-O RING, SPEEDOMETER PINION	AMERIGON	AMERIGON	AMERIGON	AMERIGON	ASSY-COP PART ONLY
5005	COUPLING-INPUT SHAFT, TRANS	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
5006	ADAPTER PLATE-CLUTCH HOUSING	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
5007	DOWEL PIN-BLOCK TO TRANSMISSION	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
5008	BRACKET & INSULATOR ASSY(MOTOR & T/M)	AMERIGON	AMERIGON	AMERIGON	AMERIGON	BRACKET;MODIFY

DETAIL PARTS CHASSIS
&
PROCUREMENT RESPONSIBILITY

6000	CHASSIS	QTY	COP/NEW	MATERIAL	PROCESS
6100	BRAKE				
6101	FRONT WHEEL BRAKE ASSY, LH	1	COP		
6102	FRONT WHEEL BRAKE ASSY, RH	1	COP		
6103	REAR WHEEL BRAKE ASSY, LH	1	COP		
6104	REAR WHEEL BRAKE ASSY, RH	1	COP		
6105	BRAKE PEDAL ASSY	1	COP		
6106	BRAKE MASTER CYLINDER & BOOSTER	1	COP		
6107	BRAKE FLUID LINE	1	COP/MODIFY		
6108	VACUUM HOSE	1	COP/MODIFY		
6109	VACUUM PUMP	1	COP		
6110	VACUUM PUMP MOUNT'G BRACKET	1	NEW	AL	
6111	PARKING BRAKE & CABLE	1	COP/MODIFY		
6200	SUSPENSION				
6201	FRONT HUB & KNUCKLE ASSY, LH	1	COP		
6202	FRONT HUB & KNUCKLE ASSY, RH	1	COP		
6203	FRONT STRUT ASSY, LH	1	COP		
6204	FRONT STRUT ASSY, RH	1	COP		
6205	LOWER ARM	1	COP		
6206	STABILIZER BAR	1	COP/NEW		
6207	CROSS MEMBER	1	COP		
6208	REAR AXLE ASSY, LH	1	COP		
6209	REAR AXLE ASSY, RH	1	COP		
6210	REAR STRUT ASSY, LH	1	COP		
6211	REAR STRUT ASSY, RH	1	COP		
6212	REAR SUSPENSION CONTROL ARM	*	COP		

		LIMITED PRODUCT				
6000	CHASIS	ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
6100	BRAKE					
6101	FRONT WHEEL BRAKE ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6102	FRONT WHEEL BRAKE ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6103	REAR WHEEL BRAKE ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6104	REAR WHEEL BRAKE ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6105	BRAKE PEDAL ASSY	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6106	BRAKE MASTER CYLINDER & BOOSTER	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6107	BRAKE FLUID LINE	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6108	VACUUM HOSE	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAME AS EV ITEM
6109	VACUUM PUMP	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAME AS EV ITEM
6110	VACUUM PUMP MOUNT'G BRACKET	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
6111	PARKING BRAKE & CABLE	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6200	SUSPENSION					
6201	FRONT HUB & KNUCKLE ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6202	FRONT HUB & KNUCKLE ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6203	FRONT STRUT ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY ALL SPRINGS
6204	FRONT STRUT ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY ALL SPRINGS
6205	LOWER ARM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6206	STABILIZER BAR	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
6207	CROSS MEMBER	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6208	REAR AXLE ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6209	REAR AXLE ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6210	REAR STRUT ASSY, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY ALL SPRINGS
6211	REAR STRUT ASSY, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY ALL SPRINGS
6212	REAR SUSPENSION CONTROL ARM	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	

DETAIL PARTS CHASSIS
&
PROCUREMENT RESPONSIBILITY

6000	CHASSIS	QTY	COP/NEW	MATERIAL	PROCESS
6300	STEERING				
6301	STEERING WHEEL	1	COP/MODIFY		
6302	STEERING COLUMN & SHAFT	1	COP/MODIFY		
6303	POWER STEERING GEAR BOX	1	COP		
6304	POWER STEERING PUMP	1	COP		
6305	POWER STEERING PUMP MOUNT'G BRACKET	*	NEW		
6306	POWER STEERING HOSE	*	COP/MODIFY		
6307	POWER STEERING MOTOR	1	COP		
6308	POWER STEERING MOTOR MOUNT'G BRACKET	1	NEW		
6309	ACCEL. PEDAL & CABLE ASSY	*	COP/MODIFY		
6400	DRIVE SHAFT				
6401	DRIVE SHAFT, LH		COP/NEW		
6402	DRIVE SHAFT, RH		COP/NEW		
6500	WHEEL & TIRE				
6501	WHEEL	4	COP		
6502	WHEEL COVER	4	COP		
6503	TIRE	4	COP		
6504	TEMPORARY TIRE	1	COP		

		LIMITED PRODUCT				
6000	CHASIS	ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
6300	STEERING					
6301	STEERING WHEEL	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6302	STEERING COLUMN & SHAFT	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6303	POWER STEERING GEAR BOX	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6304	POWER STEERING PUMP	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
6305	POWER STEERING PUMP MOUNT'G BRACKET	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
6306	POWER STEERING HOSE	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6307	POWER STEERING MOTOR	AMERIGON	AMERIGON	AMERIGON	AMERIGON	SAME AS EV ITEM
6308	POWER STEERING MOTOR MOUNT'G BRACKET	AMERIGON	AMERIGON	AMERIGON	AMERIGON	
6309	ACCEL. PEDAL & CABLE ASSY	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6400	DRIVE SHAFT					
6401	DRIVE SHAFT, LH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY IF NEW
6402	DRIVE SHAFT, RH	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	AMERIGON SUPPLY IF NEW
6500	WHEEL & TIRE					
6501	WHEEL	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6502	WHEEL COVER	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	REVIEW FOR STYLING
6503	TIRE	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
6504	TEMPORARY TIRE	AMERIGON	AMERIGON	AMERIGON	SAMSUNG	

DETAIL PARTS ELECTRIC
&
PROCUREMENT RESPONSIBILITY

7000	ELECTRIC	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)
7001	HARNESS ASSY - MAIN	1	NEW						
7002	HARNESS ASSY - ENGINE ROOM	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7003	HARNESS ASSY - INSTRUMENT	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7004	HARNESS ASSY - TRUNK ROOM	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7005	HARNESS ASSY - ROOM LAMP	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7006	HARNESS ASSY - DOOR (DRIVE)	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7007	HARNESS ASSY - DOOR (ASSIST)	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7008	HARNESS ASSY - CONTROL	1	NEW			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7009	BATTERY	1	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7010	BATTERY MOUNTING	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7011	SWITCH ASSY - COMBINATION	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7012	SWITCH ASSY - FOG LAMP	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7013	SWITCH ASSY - STOP LAMP	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7014	SWITCH ASSY - POWER WINDOW (O)	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7015	SWITCH ASSY - POWER WINDOW (A)	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7016	SWITCH ASSY - HAZARD	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7017	SWITCH ASSY - DOOR (D)	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7018	SWITCH ASSY - DOOR (A)	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7019	SWITCH ASSY - REAR HEATED	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7020	SWITCH ASSY - DIRECTION	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7021	SWITCH ASSY - EMERGENCY	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7022	COVER - DOOR SWITCH	2	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7023	LIGHTER COMPL. - CIGARETTE	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7024	RELAY	5	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7025	LAMP ASSY - ROOM	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7026	MOTOR ASSY - WINDSHIELD WIPER	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7027	MOTOR ASSY - WINDSHIELD WASHER	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7028	MOTOR ASSY - POWER WINDOW (LH)	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7029	MOTOR ASSY - POWER WINDOW (RH)	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7030	AUDIO ASSY - ETR	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG
7031	ANTENNA ASSY - ROD	1	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG
7032	SPEAKER ASSY - DOOR	2	COP			AMERIGON	AMERIGON	SAMSUNG	SAMSUNG

7000	ELECTRIC	REMARKS
7001	HARNESS ASSY - MAIN	
7002	HARNESS ASSY - ENGINE ROOM	AMERIGON TO SUPPLY
7003	HARNESS ASSY - INSTRUMENT	CONNECTORS & F. BOX
7004	HARNESS ASSY - TRUNK ROOM	DETAIL DRWGS, PLUS
7005	HARNESS ASSY - ROOM LAMP	MASTER HARNESS
7006	HARNESS ASSY - DOOR (DRIVE)	PLUS WIRE LENGTHS
7007	HARNESS ASSY - DOOR (ASSIST)	
7008	HARNESS ASSY - CONTROL	
7009	BATTERY	
7010	BATTERY MOUNTING	
7011	SWITCH ASSY - COMBINATION	MULTI-FUNCTION SW
7012	SWITCH ASSY - FOG LAMP	SAMSUNG TO APPROVE
7013	SWITCH ASSY - STOP LAMP	ALL SWITCH ASSYS.
7014	SWITCH ASSY - POWER WINDOW (D)	DRIVE
7015	SWITCH ASSY - POWER WINDOW (A)	ASSIST
7016	SWITCH ASSY - HAZARD	
7017	SWITCH ASSY - DOOR (D)	
7018	SWITCH ASSY - DOOR (A)	
7019	SWITCH ASSY - REAR HEATED	
7020	SWITCH ASSY - DIRECTION	PRND SWITCH
7021	SWITCH ASSY - EMERGENCY	
7022	COVER - DOOR SWITCH	RUBBER
7023	LIGHTER COMPL. - CIGARETTE	
7024	RELAY	
7025	LAMP ASSY - ROOM	
7026	MOTOR ASSY - WINDSHIELD WIPER	
7027	MOTOR ASSY - WINDSHIELD WASHER	
7028	MOTOR ASSY - POWER WINDOW (LH)	SWITCH ON CONSOLE
7029	MOTOR ASSY - POWER WINDOW (RH)	
7030	AUDIO ASSY - ETR	SUPPLIER: SAMSUNG
7031	ANTENNA ASSY - ROD	SUPPLIER: SAMSUNG
7032	SPEAKER ASSY - DOOR	SUPPLIER: SAMSUNG

DETAIL PARTS ELECTRIC
&
PROCUREMENT RESPONSIBILITY

7000	ELECTRIC	QTY	COP/NEW	MATERIAL	PROCESS	LIMITED PRODUCT ENGINEERING	TOOLS	PROTO(2)	PARTS(48)
7033	SPEAKER GRILLE - DOOR	2	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7034	CLUSTER ASSY - INSTRUMENT	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7035	SPEED SENSOR	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7036	INTERMITTENT WIPER RELAY	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7037	FLASHER ASSY - COMBINATION	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7038	SEAT BELT TIMER	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7039	FLASHER ASSY - COMBINATION	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON
7040	HORN ASSY - HIGH	1	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG
7041	DIGITAL CLOCK	1	COP/NEW			AMERIGON	AMERIGON	AMERIGON	AMERIGON

7000	ELECTRIC	REMARKS
7033	SPEAKER GRILLE - DOOR	
7034	CLUSTER ASSY - INSTRUMENT	SAMSUNG TO APPROVE
7035	SPEED SENSOR	CABLELESS TYPE
7036	INTERMITTENT WIPER DELAY	WITH TIMMER
7037	FLASHER ASSY - COMBINATION	
7038	SEAT BELT TIMER	LIGHT PLUS CHIME
7039	FLASHER ASSY - COMBINATION	
7040	HORN ASSY - HIGH	SINGLE HORN TYPE
7041	DIGITAL CLOCK	

DETAIL PARTS ELECTRIC VEHICLE
&
PROCUREMENT RESPONSIBILITY

						LIMITED PRODUCT				
8000	ELECTRIC	QTY	COP/NEW	MATERIAL	PROCESS	ENGINEERING	TOOLS	PROTO(2)	PARTS(48)	REMARKS
8001	MOTOR	1	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
8002	CONTROLLER	1	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG	
8003	CHARGING UNIT	1	COP			AMERIGON	AMERIGON	AMERIGON	SAMSUNG	MAIN & 12V
8004	BATTERY	28	COP	LEAD ACID		AMERIGON	AMERIGON	AMERIGON	SAMSUNG	QTY HAVE TO ACCORD TO MOTOR & CONTROLLER
8005	POWER BRAKE SYSTEM	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
8006	POWER STEERING UNIT	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	
8007	SAFETY UNIT	1	COP			AMERIGON	AMERIGON	AMERIGON	AMERIGON	

* REGULATION
FOOT BRAKE STOPPING DISTANCE; 29 m OR LESS (AT SPEED OF 50Em/h
PARKING BRAKE; VEHICLE SHALL BE CAPABLE OF HOLDING MECHANICALLY THE MOTOR VEHICLE STATIONARY ON A DRIVE PAVED ROAD WITH 20% (11.6) GRADIENT (AT THE STATE OF G.V.B.) OTHER PARTS NOT SHOWN ON LIST WILL BE DESIGNED & SUPPLIED BY AMERIGON. ALL PARTS RELATED TO STYLING WILL BE CONFIRMED WITH SAMSUNG.

EXHIBIT 10.23.6

[IMPERIAL BANK LETTERHEAD]

February 3, 1997

Mr. John Hamman, Jr.
Amerigon, Inc.
404 E. Huntington Drive
Monrovia, CA 91106

Re: Loan #00709056728-3

Dear Mr. Hamman:

Imperial Bank has approved an extension of your credit facility shown above as evidenced by that Security and Loan Agreement dated November 20, 1995 as amended on June 26, 1996, from its current maturity of December 31, 1996 to January 31, 1997. Also, Imperial Bank will forbear in exercising any rights under the Credit Agreement or any related documents or instruments in respect of the company's current and anticipated non-compliance with the Financial Covenants until 01/31/97.

Except as modified and extended hereby, the existing documentation as amended concerning your obligation remains in full force and effect.

Sincerely,

/s/ Valerie C. Brosset
- ----------------------
Valerie C. Brosset
Commercial Loan Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-2 of our report dated February 26, 1996, except as to Note 14 which is as of December 4, 1996, relating to the financial statements of Amerigon Incorporated, which appears in such Prospectus. We also consent to the application of such report to the Financial Statement Schedule for the three years ended December 31, 1995 listed under Item 14(a) of Amerigon Incorporated's Annual Report on Form 10-K for the year ended December 31, 1995 when such schedule is read in connection with the financial statements referred to in our report. The audits referred to in such report also included this Financial Statement Schedule. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Price Waterhouse LLP
PRICE WATERHOUSE LLP
Costa Mesa, California
February 3, 1997