

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2005

AMERIGON INCORPORATED

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation)

0-21810
(Commission File Number)

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

500 Town Center Drive, Suite 200, Dearborn, MI
(Address of principal executive offices)

48126-2716
(Zip Code)

Registrant's telephone number, including area code: (313) 336-3000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 250.13e-4(c))

Section 1 – Registrant’s Business and Operations

Item 1.01 – Entry into a Material Definitive Agreement

On October 28, 2005, Amerigon Incorporated (“Amerigon”) and Comerica Bank (“Comerica”) entered into an Amended and Restated Credit Agreement (the “Credit Agreement”), which replaced a previous Credit Agreement between the parties dated as of November 14, 2002, the term of which was set to expire on November 1, 2005. A copy of the Credit Agreement is attached to this Report as Exhibit 10.1.

The Credit Agreement provides for a revolving credit line of \$10,000,000. The obligations under the Credit Agreement are unconditionally guaranteed by Amerigon’s subsidiary, BSST LLC (“BSST”). The description of the material terms of the Credit Agreement included in Item 2.03 to this Current Report on Form 8-K is incorporated by reference into this Item.

Section 2 – Financial Information

Item 2.03 – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

As discussed in Item 1.01 above, on October 28, 2005, Amerigon entered into an Amended and Restated Credit Agreement with Comerica. The Credit Agreement provides for a revolving credit line in the maximum principal amount of \$10,000,000, subject to a borrowing base based on eligible receivables and inventory.

Borrowings under the revolving credit facility bear interest at a floating rate equal to either (1) Comerica’s prime rate (the “Prime-based Rate”) or (2) a Eurodollar rate equal to a stated margin of between 1.5% and 2.5%, plus the interest rate certain of Comerica’s lending offices offer on deposits to prime banks in the eurodollar market (the “Eurodollar-based Rate”). Amerigon may select, at the time of each advance under the revolving credit facility, which of the two rates is to be used to calculate interest on such advance. Interest on Prime-based Rate advances is payable quarterly in arrears. Interest on Eurodollar-based Rate advances is payable on the last day of the interest period selected by Amerigon with respect to such advance. Amerigon may select interest periods applicable to Eurodollar-based Rate advances of one, two, three or six months. The full amount borrowed under the revolving credit facility will mature on November 1, 2008.

The Credit Agreement also provides that Comerica will issue or commit to issue, subject to the same borrowing base as used for the revolving credit line, standby and commercial letters of credit for the account of Amerigon in aggregate undrawn amounts of up to \$5,000,000. The amount of any outstanding letters of credit issued or committed to be issued by Comerica will reduce, dollar for dollar, the aggregate amount available under the revolving credit line.

The obligations under the Credit Facility are unconditionally guaranteed by Amerigon’s subsidiary, BSST, and are secured by a security interest in substantially all of the tangible and intangible assets of Amerigon and BSST. A copy of the Guaranty executed by BSST in favor of

Comerica is filed as Exhibit 10.2 to this Current Report on Form 8-K. The Security Agreements executed by Amerigon in favor of Comerica Bank on May 20, 2005 in connection with Amerigon's change of its state of incorporation from California to Michigan remain effective and are filed as Exhibits 10.3.1 and 10.3.2 to this Current Report on Form 8-K. The Security Agreements executed by BSST in favor of Comerica Bank on November 14, 2002 in connection with the original Credit Agreement between the parties remain effective and are filed as Exhibits 10.3.3 and 10.3.4 to this Current Report on Form 8-K.

The Credit Agreement contains customary covenants that will limit the ability of Amerigon to, among other things, incur additional indebtedness, create liens, pay dividends, make certain types of investments, enter into certain types of transactions with affiliates, make certain capital expenditures, sell assets, merge with other companies or enter into certain other transactions outside the ordinary course of business. The Credit Agreement also requires compliance with several financial covenants. Additionally, the margin used in the calculation of the Eurodollar-Based Rate increases as Amerigon's Leverage Ratio, calculated as Amerigon's total debt divided by its tangible net worth, increases. The Credit Agreement contains customary events of default, including, but not limited to: (a) non-payment of amounts due; (b) material breach of representations, warranties or covenants under the Credit Agreement or the documents pertaining thereto; (c) cross-default provisions relating to other indebtedness obligations; (d) loss of collateral; (e) bankruptcy or similar proceedings; (f) dissolution; (g) certain changes in control; or (h) other certain material adverse changes. Upon the occurrence of an event of default, the amounts due outstanding under the credit facility may be accelerated and may become immediately due and payable.

Amerigon paid no closing fees in connection with the Credit Agreement, but it must pay certain administrative and professional expenses incurred by Comerica in connection with the drafting and negotiation of the agreement and it must also pay a quarterly commitment fee equal to between 0.125% and 0.25% of the unused line, which rate is based on Amerigon's Leverage Ratio at the time.

Amerigon has not yet requested any advances under the revolving credit facility and has not yet requested any commitments from Comerica to issue standby or commercial letters of credit. The Credit Agreement provides that advances under the revolving credit facility can be used only for working capital purposes, to make capital expenditures, and up to \$3,000,000 may be used to finance certain acquisitions.

The foregoing summary of the Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement itself, a copy of which is filed as Exhibits 10.1 to this Current Report on Form 8-K.

Section 7 Regulation FD

Item 7.01 Regulation FD Disclosure

On October 31, 2005, Amerigon Incorporated publicly announced that it had entered into the Credit Agreement described in Item 1.01 above. A copy of the Company's news release announcing the earnings is filed as Exhibit 99.1 to this report and is incorporated in this report by

reference. The information in this Section 7, Item 7.01 and the attached exhibit shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly stated by specific reference in such filing.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

Exhibit 10.1 Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank dated as of October 28, 2005

Exhibit 10.2 Guaranty of BSST LLC in favor of Comerica Bank dated as of October 28, 2005

Exhibit 10.3.1 Security Agreement (All Assets) by Amerigon Incorporated in favor of Comerica Bank dated as of May 20, 2005

Exhibit 10.3.2 Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of May 20, 2005

Exhibit 10.3.3 Security Agreement (All Assets) by BSST LLC in favor of Comerica Bank dated as of November 14, 2002

Exhibit 10.3.4 Patent and Trademark Security Agreement by BSST in favor of Comerica Bank dated as of November 14, 2002

Exhibit 99.1 Company news release dated October 31, 2005

SIGNATURES

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

AMERIGON INCORPORATED

By: _____ /s/ BARRY G. STEELE

Barry Steele,
Chief Financial Officer and Secretary

Date: October 31, 2005

Exhibit Index

10.1	Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank dated as of October 28, 2005
10.2	Guaranty of BSST LLC in favor of Comerica Bank dated as of October 28, 2005
10.3.1	Security Agreement (All Assets) by Amerigon Incorporated in favor of Comerica Bank dated as of May 20, 2005
10.3.2	Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of May 20, 2005
10.3.3	Security Agreement (All Assets) by BSST LLC in favor of Comerica Bank dated as of November 14, 2002
10.3.4	Patent and Trademark Security Agreement by BSST in favor of Comerica Bank dated as of November 14, 2002
99.1	Company news release dated October 31, 2005

**AMENDED AND RESTATED CREDIT AGREEMENT
BETWEEN AMERIGON INCORPORATED AND
COMERICA BANK DATED AS OF OCTOBER 28, 2005**

**AMENDED AND RESTATED
CREDIT AGREEMENT**

THIS AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement"), made as of the 28th day of October, 2005, by and between AMERIGON INCORPORATED, a Michigan corporation (herein called "Company") and COMERICA BANK, a Michigan banking corporation (herein called "Bank").

RECITALS:

- A. Company and Bank executed a Credit Agreement dated November 14, 2002 which has been amended by five amendments ("Existing Agreement").
- B. Company and Bank desire to amend and restate the Existing Agreement in its entirety.
- C. Company desires to obtain certain credit facilities from Bank.
- D. Bank is willing to extend such credit to Company on the terms and conditions herein set forth.

NOW, THEREFORE, Bank and Company agree that the Existing Agreement is amended and restated in its entirety as follows:

WITNESSETH:

1. DEFINITIONS

For the purposes of this Agreement the following terms will have the following meanings:

"Account" shall have the meaning assigned to it in the Michigan Uniform Commercial Code on the date of this Agreement.

"Account Debtor" shall mean the party who is obligated on or under any Account.

"Advance" shall mean a borrowing requested by Company and made by Bank under Section 2 of this Agreement, including any refunding or conversions of such borrowings pursuant to Section 3.3 hereof, and shall include a Eurodollar-based Advance and a Prime-based Advance.

“Affiliate” shall mean, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and executive officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation for the purposes of this definition if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (ii) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

“Alternate Base Rate” shall mean for any day a rate per annum (rounded upwards, if necessary, to the next higher 1/16th of 1%) equal to the Federal Funds Effective Rate in effect on such day plus one percent (1%).

“Applicable Fee Percentage” shall mean, as of any date of determination thereof, the applicable percentage used to calculate certain of the fees due and payable hereunder, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

“Applicable Interest Rate” shall mean the Eurodollar-based Rate or the Prime-based Rate, as selected by Company from time to time subject to the terms and conditions of this Agreement.

“Applicable L/C Commission Rate” shall mean, as of any date of determination, the applicable Letter of Credit commission rate determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

“Applicable Margin” shall mean, as of any date of determination thereof, the applicable interest rate margin, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

“Availability” shall mean as of any date of determination the amount obtained by subtracting from the lesser of (a) the then applicable Borrowing Base and (b) \$10,000,000 an amount equal to the aggregate principal amount of the Advances plus the Letter of Credit Reserve.

“Base Tangible Net Worth” shall initially mean \$7,500,000. On the last day of each fiscal year of Company (commencing December 31, 2006), Base Tangible Net Worth shall increase by an amount equal to fifty percent (50%) of net income of Company and its Consolidated Subsidiaries for the fiscal year then ended. If net income is less than \$0, it shall be treated as being \$0 for purposes of this calculation.

“Borrowing Base” shall mean as of any date of determination, the sum of (a) eighty five percent (85%) of Eligible Accounts, plus (b) the lesser of (i) sixty percent (60%) of Eligible Foreign Accounts and (ii) Three Million Dollars (\$3,000,000), plus (c) fifty percent (50%) of Eligible Inventory.

“Business Day” shall mean any day on which commercial banks are open for domestic and international business (including dealings in foreign exchange) in Detroit, London and New York.

“Capital Expenditure” shall mean, without duplication, any payment made directly or indirectly for the purpose of acquiring or constructing fixed assets, real property or equipment which in accordance with GAAP would be added as a debit to the fixed asset account of Company, including, without limitation, amounts paid or payable under any conditional sale or other title retention agreement or under any lease or other periodic payment arrangement which is of such a nature that payment obligations of Company or a Subsidiary, as applicable, thereunder would be required by GAAP to be capitalized and shown as liabilities on the balance sheet of Company and its Consolidated Subsidiaries.

“Capital Lease” shall mean any lease of any property (whether real, personal or mixed) by Company or any Subsidiary as lessee which, in conformity with GAAP, is, or is required to be accounted for as a capital lease on the balance sheet of Company and its Consolidated Subsidiaries.

“Change of Control” shall mean the occurrence of either:

(A) any person or group of persons (within the meaning of Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended), other than the Investors or any Affiliates of the Investors or a person approved in advance by the Bank (a “Permitted Transferee”), shall have acquired beneficial ownership (within the meaning of such Rule 13d-3) of 20% or more of the equity interests of the Company generally having the right to vote; or

(B) Company shall cease to own directly or indirectly, at least 100% (or, in the case of BSST, 75%) of the common equity interests of its Subsidiaries.

“Collateral” shall mean all property or rights in which a security interest, mortgage, lien or other encumbrance for the benefit of the Bank is or has been granted or arises or has arisen, under or in connection with this Agreement, the other Loan Documents, or otherwise to secure the Indebtedness.

“Consolidated” or “Consolidating” shall mean, when used with reference to any financial term in this Agreement, the aggregate for two or more Persons of the amounts signified by such term for all such Persons determined on a consolidated or combined, as applicable, basis in accordance with GAAP. Unless otherwise specified herein, references to Consolidated financial statements or data of Company includes consolidation with its Subsidiaries in accordance with GAAP.

“Debt” shall mean as of any date of determination thereof, the total liabilities of Company and its Consolidated Subsidiaries as of such date, as determined in accordance with GAAP.

“Domestic Subsidiary” shall mean any direct or indirect Subsidiary of the Company which is incorporated under the laws of the United States of America, or any state, territory or other political subdivision thereof.

“EBITDA” shall mean, as of any date of determination, the sum of the net income of Company and its Consolidated Subsidiaries, for the four preceding fiscal quarters ending on such date of determination, plus, to the extent deducted in computing such net income, (i) income taxes for that period, (ii) interest expense for that period and (iii) depreciation and amortization expense for that period, in each case determined in accordance with GAAP.

“Eligible Account” shall mean an Account (but shall not include interest and service charges) arising in the ordinary course of Company’s business which meets each of the following requirements:

- (a) it is not owing more than ninety (90) days after the date of the original invoice or other writing evidencing such Account;
- (b) it is not owing by an Account Debtor (as defined in the UCC) who has failed to pay twenty five percent (25 %) or more of the aggregate amount of its Accounts owing to Company within ninety (90) days after the date of the respective invoices or other writings evidencing such Accounts;
- (c) it is not an Account which when aggregated with all other Accounts owing by the same Account Debtor would cause Company’s Accounts owing from such Account Debtor to exceed an amount equal to fifteen percent (15%) of Company’s aggregate Accounts owing from all Account Debtors, provided, however, Bank in its sole discretion may establish higher or lower concentration limits for any specific Account Debtor; provided that this provision shall not cause that portion of Accounts owing by the same Account Debtor equal to fifteen percent (15%) of Company’s aggregate Accounts owing from all Account Debtors to fail to meet the criteria of an Eligible Account provided that this provision shall not apply to Accounts with respect to which the Account Debtor is Johnson Controls, Lear Corporation, Bridgewater Interiors LLC or NHK Spring Company, Ltd. or any of their respective Subsidiaries;
- (d) it arises from the sale or lease of goods and such goods have been shipped or delivered to the Account Debtor under such Account; or it arises from services rendered and such services have been performed;
- (e) it is evidenced by an invoice, dated not later than the date of shipment or performance, rendered to such Account Debtor or some other evidence of billing acceptable to Bank;
- (f) it is not evidenced by any note or other negotiable instrument or by any chattel paper;
- (g) it is a valid, legally enforceable obligation of the Account Debtor thereunder, and is not subject to any offset, counterclaim or other defense on the part of such Account Debtor or to any claim on the part of such Account Debtor denying liability thereunder in whole or in part;

- (h) it is not subject to any sale of accounts, any rights of offset, assignment, lien or security interest whatsoever other than to Bank;
- (i) it is not owing by a Subsidiary or Affiliate of Company, nor by an Account Debtor which (i) does not maintain its chief executive office in the United States of America or Canada, (ii) is not organized under the laws of the United States of America or Canada, or any state or province thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality or other instrumentality thereof;
- (j) it is not an account owing by the United States of America or any state or political subdivision thereof, or by any department, agency, public body corporate or other instrumentality of any of the foregoing, unless all necessary steps are taken to comply with the Federal Assignment of Claims Act of 1940, as amended, or with any comparable state law, if applicable, and all other necessary steps are taken to perfect Bank's security interest in such account;
- (k) it is not owing by an Account Debtor for which Company has received a notice of (i) the death of the Account Debtor or any partner of the Account Debtor, (ii) the dissolution, liquidation, termination of existence, insolvency or business failure of the Account Debtor, (iii) the appointment of a receiver for any part of the property of the Account Debtor, or (iv) an assignment for the benefit of creditors, the filing of a petition in bankruptcy, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Account Debtor;
- (l) it is not an account billed in advance, payable on delivery, for consigned goods, for guaranteed sales, payable at a future date, for unbilled sales, subject to a retainage or holdback by the Account Debtor or insured by a surety company; and
- (m) it is not owing by any Account Debtor whose obligations Bank (in its sole reasonable discretion) shall have notified Company are not deemed to constitute Eligible Accounts.

An Account which is at any time an Eligible Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account.

"Eligible Foreign Account" shall mean an Account which satisfies all of the requirements to be an Eligible Account except those under paragraph (i) of the definition of Eligible Accounts and which is owing to Company by an Eligible Foreign Account Debtor.

"Eligible Foreign Account Debtor" shall mean the Account Debtors listed on attached Schedule 1.2 as the same may be amended or modified from time to time.

"Eligible Inventory" shall be valued at the lesser of cost or present market value in accordance with GAAP, on a first in/first out basis, and shall mean all of Company's Inventory which is in good and merchantable condition, is not obsolete or discontinued, and which would properly be classified as "raw materials" or "finished goods inventory" under GAAP, excluding (a) Company's work in process, consigned goods and inventory located outside the United States

of America, (b) inventory covered by or subject to a seller's right to repurchase, or any consensual or nonconsensual lien or security interest (including without limitation purchase money security interests) other than in favor of Bank, whether senior or junior to Bank's security interest, and (c) Inventory that Bank (in its sole reasonable discretion) after having notified Company, excludes. Inventory which is at any time Eligible Inventory, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be Eligible Inventory.

"Environmental Laws" shall mean all federal, state and local laws including statutes, regulations, ordinances, codes, rules, and other governmental restrictions and requirements, relating to environmental pollution, contamination or other impairment of the environment or any hazardous or toxic substances of any nature. These Environmental Laws shall include but not be limited to the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, and the Federal Superfund Amendments and Reauthorization Act of 1986.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor act or code.

"Eurodollar-based Advance" shall mean an Advance which bears interest at the Eurodollar-based Rate.

"Eurodollar-based Rate" shall mean a per annum interest rate which is the Applicable Margin plus the quotient of:

the per annum interest rate at which Bank's Eurodollar Lending Office offers deposits to prime banks in the eurodollar market in an amount comparable to the relevant Eurodollar-based Advance and for a period equal to the relevant Interest Period at approximately the time Company requests such Advance on the first day of such Interest Period; divided by

a percentage equal to 100% minus the maximum rate on such date at which Bank is required to maintain reserves on "Euro-currency Liabilities" as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Bank is required to maintain reserves against a category of liabilities which includes eurodollar deposits or includes a category of assets which includes eurodollar loans, the rate at which such reserves are required to be maintained on such category;

all as conclusively determined by Bank, such sum to be rounded upward, if necessary, to the nearest whole multiple of 1/16th of 1%.

"Eurodollar Lending Office" shall mean Bank's office located at Grand Cayman, British West Indies or such other branch of Bank, domestic or foreign, as it may hereafter designate as its Eurodollar Lending Office by notice to Company.

“Event of Default” shall mean any of the Events of Default specified in Section 10 hereof.

“Federal Funds Effective Rate” shall mean, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Bank from three Federal funds brokers of recognized standing selected by it.

“Funded Debt” of any Person shall mean (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services as of such date (other than operating leases and trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices) or which is evidenced by a note, bond, debenture or similar instrument, (b) the principal component of all obligations of such Person under Capital Leases, (c) all reimbursement obligations (actual, contingent or otherwise) of such Person in respect of letters of credit, acceptances or similar obligations issued or created for the account of such Person, (d) all liabilities secured by any liens on any property owned by such Person as of such date even though such Person has not assumed or otherwise become liable for the payment thereof, in each case determined in accordance with GAAP; provided however that so long as such Person is not personally liable for such liabilities, the amount of such liability shall be deemed to be the lesser of the fair market value at such date of the property subject to the lien securing such liability and the amount of the liability secured, and (e) all contingent obligations in respect of any liability which constitutes Funded Debt; provided, however that Funded Debt shall not include any interest rate swap transaction, basis swap transaction, forward rate transaction, commodity swap transaction, equity transaction, equity index transaction, foreign exchange transaction, cap transaction, floor transaction (including any option with respect to any of these transactions and any combination of any of the foregoing) entered into by such Person prior to the occurrence of a termination event with respect thereto.

“Funded Debt to EBITDA Ratio” shall mean as of any date of determination thereof a ratio the numerator of which is Funded Debt as of such date and the denominator of which is EBITDA as of such date, determined on a consolidated basis for Company and its Consolidated Subsidiaries.

“GAAP” shall mean, as of any applicable date of determination, generally accepted accounting principles consistently applied, as in effect on the date of this Agreement.

“Guaranties” shall mean the guaranties from each Subsidiary.

“Guarantors” shall mean each Subsidiary of Company which is required to be a Guarantor in accordance with the provisions of this Agreement.

“Indebtedness” shall mean all loans, advances, indebtedness, obligations and liabilities of Company to Bank under this Agreement, together with all other indebtedness, obligations and liabilities whatsoever of Company to Bank arising under or in connection with this Agreement, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, due or to become due, now existing or hereafter arising.

“Interest Period” shall mean a period of one (1), two (2), three (3) or six (6) months as selected by Company pursuant to the provisions of this Agreement commencing on the day a Eurodollar-based Advance is made, or on the effective date of an election of the Eurodollar-based Rate made under Section 3.1.

“Inventory” shall have the meaning assigned to it in the Michigan Uniform Commercial Code on the date of this Agreement.

“Investor” shall mean any person or group of persons (within the meaning of Rule 13d-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended) who held beneficial ownership of at least 5% of the voting stock of the Company, or who was a director or employee of Company or its Subsidiaries on October 1, 2005, and any affiliate of any such person.

“Letter of Credit” shall have the meaning set forth in Section 2.6.

“Letter of Credit Reserve” shall mean as of any date of determination, an amount equal to the aggregate principal amount of all undrawn Letters of Credit issued by Bank for the account of Company under and pursuant to this Agreement and the amount of all draws under Letters of Credit paid by Bank and not reimbursed by Company.

“Leverage Ratio” shall have as of any date of determination a ratio the numerator of which is Debt as of such date and the denominator of which is Tangible Net Worth as of such date.

“Loan Documents” shall mean collectively, this Agreement, Guaranties, the Note, the Security Agreements and any other instruments or agreements executed at any time pursuant to or in connection with any such documents.

“Net Worth” shall mean as of any date of determination the stockholders’ equity of Company and its Consolidated Subsidiaries as of such date as determined in accordance with GAAP.

“Permitted Acquisition” shall mean any acquisition by Company of all or substantially all of the assets of another Person, or of a division or line of business of another Person, or shares of stock or other ownership interests of another Person, which is conducted in accordance with the following requirements:

- (a) Such acquisition is of a business or Person engaged in a line of business which is compatible with, or complementary to, Company’s business, or is engaged in a business using systems or techniques not unlike those of Company;
- (b) Company shall have delivered to Bank not less than fifteen (15) nor more than ninety (90) days prior to the date of such acquisition, notice of such acquisition together with pro forma projected financial information as requested by, and in form acceptable to, Bank;

- (c) Both immediately before and after such acquisition no Event of Default or event which with the giving of notice, the passage of time, or both would become an Event of Default, shall have occurred and be continuing;
- (d) The board of directors (or other Person(s) exercising similar function(s) of the seller of the assets or issuer of the shares of stock or other ownership interests being acquired) shall not have disapproved such transaction or recommended that such transaction be disapproved;
- (e) The total consideration paid for such acquisition (including assumption of debt, non-compete payments and earn-out payments), does not exceed Ten Million Dollars (\$10,000,000) for any single acquisition or Ten Million Dollars (\$10,000,000) for all such acquisitions consummated during the term of this Agreement; and
- (f) After giving effect to such acquisition, Availability is an amount not less than fifty percent (50%) of the then applicable Borrowing Base.

“Permitted Liens” shall mean with respect to any Person:

- (a) liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings diligently pursued, provided that provision for the payment of all such taxes has been made on the books of such Person as may be required by generally accepted accounting principles, consistently applied;
- (b) mechanics’, materialmen’s, banker’s, carriers’, warehousemen’s and similar liens and encumbrances arising in the ordinary course of business and securing obligations of such Person that are not overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such liens and encumbrances shall have been duly suspended; and (ii) such provision for the payment of such liens and encumbrances has been made on the books of such Person as may be required by generally accepted accounting principles, consistently applied;
- (c) liens arising in connection with worker’s compensation, unemployment insurance, old age pensions and social security benefits and similar statutory obligations which are not overdue or are being contested in good faith by appropriate proceedings diligently pursued, provided that in the case of any such contest (i) any proceedings commenced for the enforcement of such liens shall have been duly suspended; and (ii) such provision for the payment of such liens has been made on the books of such Person as may be required by generally accepted accounting principles, consistently applied;

- (d) (i) liens incurred in the ordinary course of business to secure the performance of statutory obligations arising in connection with progress payments or advance payments due under contracts with the United States government or any agency thereof entered into in the ordinary course of business and (ii) liens incurred or deposits made in the ordinary course of business to secure the performance of statutory obligations, bids, leases, fee and expense arrangements with trustees and fiscal agents and other similar obligations (exclusive of obligations incurred in connection with the borrowing of money, any lease-purchase arrangements or the payment of the deferred purchase price of property), provided that full provision for the payment of all such obligations set forth in clauses (i) and (ii) has been made on the books of such Person as may be required by generally accepted accounting principles, consistently applied;
- (e) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which do not materially interfere with the business of such Person; and
- (f) purchase money security interests in fixed assets to secure the indebtedness permitted in Section 8.4(c) to the extent created substantially contemporaneously with the acquisition of such fixed assets and to the extent encumbering only the fixed assets so acquired.

“Person” or “person” shall mean any individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated association, joint stock company, government, municipality, political subdivision or agency, or other entity.

“Prime Rate” shall mean the per annum interest rate established by Bank as its prime rate for its borrowers as such rate may vary from time to time, which rate is not necessarily the lowest rate on loans made by Bank at any such time.

“Prime-based Advance” shall mean an Advance which bears interest at the Prime-based Rate.

“Prime-based Rate” shall mean for any day a per annum interest rate which is the greater of (i) the Prime Rate or (ii) the Alternate Base Rate.

“Request for Advance” shall mean a Request for Advance issued by Company under this Agreement in the form annexed to this Agreement as Exhibit “A”.

“Revolving Credit Maturity Date” shall mean November 1, 2008.

“Revolving Credit Note” or “Note” shall mean the Note described in Section 2.1 hereof made by Company to Bank in the form annexed to this Agreement as Exhibit “B”.

“Security Agreement” shall mean the Security Agreements in the form and content satisfactory to Bank to this Agreement pursuant to which Company and each Domestic Subsidiary grants to Bank a first priority security interest in all tangible and intangible personal

property, wherever located and whether now owned or hereafter acquired, together with all replacements thereof, substitutions therefor, accessions thereto and all proceeds and products of all the foregoing.

“Subsidiary” shall mean a corporation or other entity of which more than fifty percent (50%) of the outstanding voting stock or equivalent equity interests are owned by Company, either direct or indirectly, through one or more intermediaries.

“Tangible Net Worth” shall mean as of any date Net Worth less the Intangible Assets of the Company and its Consolidated Subsidiaries, all determined as of such date. For purposes of this Agreement, “Intangible Assets” means the amount (to the extent reflected in determining such Net Worth) of (i) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within twelve months after the acquisition of such business) in the book value of any asset owned by Company and its Consolidated Subsidiaries, (ii) loans or advances to Affiliates and receivables from Affiliates, (iii) all investments in unconsolidated Subsidiaries of the Company and all equity investments in Persons which are not Subsidiaries of Company and (iv) all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, organization or developmental expenses and other intangible assets.

“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code of any applicable state and unless specified otherwise shall mean the Uniform Commercial Code as in effect in the State of Michigan.

2. THE INDEBTEDNESS: Revolving Credit

2.1 Bank agrees to make Advances to Company at any time and from time to time from the effective date hereof until the Revolving Credit Maturity Date, not to exceed Ten Million Dollars (\$10,000,000) in aggregate principal amount at any one time outstanding. All of the Advances under this Section 2 shall be evidenced by the Revolving Credit Note under which Advances, repayments and readvances may be made, subject to the terms and conditions of this Agreement.

2.2 The Revolving Credit Note shall mature on the Revolving Credit Maturity Date and each Advance from time to time outstanding thereunder shall bear interest at its Applicable Interest Rate. The amount and date of each Advance, its Applicable Interest Rate, its Interest Period, if applicable, and the amount and date of any repayment shall be noted on Bank’s records, which records will be conclusive evidence thereof absent manifest error.

2.3 Company may request an Advance under this Section 2 upon the delivery to Bank of a Request for Advance executed by an authorized officer of Company, subject to the following:

- (a) each such Request for Advance shall set forth the information required on the Request for Advance form annexed hereto as Exhibit “A”;
- (b) each such Request for Advance shall be delivered to Bank by 11:00 a.m. on the proposed date of Advance;

- (c) the principal amount of such Advance, plus the amount of any outstanding indebtedness to be then combined therewith having the same Applicable Interest Rate and Interest Period, if any, shall be in the case of a Eurodollar-based Advance at least \$100,000 or any larger amount in \$50,000 increments;
- (d) the principal amount of such Advance, plus the sum of the amount of all other outstanding Advances under this Section 2 shall not exceed the formula set forth in Section 2.5 below;
- (e) a Request for Advance, once delivered to Bank, shall not be revocable by Company.

Bank may, at its option, lend under this Section 2 upon the telephone request of an authorized officer of Company and, in the event Bank makes any such advance upon a telephone request, the requesting officer shall, if so requested by Bank, mail to Bank, on the same day as such telephone request, a Request for Advance in the form attached as Exhibit "A". Company hereby authorizes Bank to disburse Advances under this Section 2 pursuant to the telephone instructions of any person purporting to be an authorized officer of Company and Company shall bear all risk of loss resulting from disbursements made upon any telephone request. Each telephone request for an Advance shall constitute a certification of the matters set forth in the Request for Advance form as of the date of such requested Advance.

2.4 Company may prepay all or part of the outstanding balance of the Prime-based Advance(s) under the Revolving Credit Note at any time. Upon one (1) Business Day prior notice to Bank, Company may prepay all or part of any Eurodollar-based Advance, provided that the amount of any such partial prepayment shall be at least \$100,000 and the unpaid portion of such Advance which is refunded or converted under Section 4.3 shall be subject to the limitations of Section 2.3(c) hereof. Any prepayment of a Prime-based Advance or a Eurodollar-based Advance on the last day of the Interest Period therefor made in accordance with this Section shall be without premium, penalty or prejudice to Company's right to reborrow under the terms of this Agreement. Any other prepayment shall be subject to the provisions of Section 5.1 hereof.

2.5 The aggregate principal amount at any one time outstanding under the Revolving Credit Note plus the Letter of Credit Reserve shall never exceed the Borrowing Base. Company shall immediately make all payments necessary to comply with this provision. Any such payments shall be applied first to outstanding Prime-based Advances and the remainder, if any, to outstanding Eurodollar-based Advances.

2.6 In addition to Advances under the Revolving Credit Note to be provided to Company by Bank under and pursuant to Section 2.1 of this Agreement, Bank further agrees to issue, or commit to issue, from time to time, standby and commercial letters of credit for the account of Company (herein individually called a "Letter of Credit" and collectively "Letters of Credit") in aggregate undrawn amounts not to exceed Five Million Dollars (\$5,000,000) at any one time outstanding; provided, however that the sum of the aggregate amount of Advances outstanding under the Revolving Credit Note plus the Letter of Credit Reserve shall not exceed Ten Million Dollars (\$10,000,000) at any one time; and provided further that no Letter of Credit

shall, by its terms, have an expiration date which extends beyond the fifth (5th) Business Day before the Revolving Credit Maturity Date or one (1) year after issuance, whichever first occurs. In addition to the terms and conditions of this Agreement, the issuance of any Letters of Credit shall also be subject to the terms and conditions of any letter of credit applications and agreements executed and delivered by Company to Bank with respect thereto. Company shall pay to Bank annually in advance a per annum fee equal to the Applicable L/C Commission Rate of the amount of each Letter of Credit.

2.7 Company agrees to pay to Bank a commitment fee on the average daily balance of the unused portion of the revolving credit commitment at the rate of the Applicable Fee Percentage per annum, computed on the actual number of days elapsed using a year of 360 days. The commitment fee shall be payable quarterly in arrears on the first day of each January, April, July and October (commencing January 1, 2006) and on the Revolving Credit Maturity Date.

2.8 Proceeds of Advances under the Revolving Credit Note shall be used solely (a) for working capital purposes, (b) to finance a portion of the purchase price for a Permitted Acquisition (in an aggregate amount for all such Advances not to exceed \$3,000,000) and (c) for Capital Expenditures.

3. INTEREST, INTEREST PERIODS, CONVERSIONS, PREPAYMENTS.

3.1 The Revolving Credit Note and the Advances thereunder shall bear interest from the date thereof on the unpaid principal balance thereof from time to time outstanding, at a rate per annum equal to the Prime-based Rate or the Eurodollar-based Rate, as the Company may elect subject to the provisions of this Agreement. Interest with respect to Prime-based Advances shall be payable quarterly on the first Business Day of each calendar quarter, commencing on January 1, 2006, and at maturity. Interest on each Eurodollar-based Advance shall be payable on the last day of the Interest Period applicable thereto (and if any Interest Period shall exceed three months, then on the last Business Day of the third month of such Interest Period and at three month intervals thereafter). Notwithstanding the foregoing, from and after the occurrence of any Event of Default and solely during the continuation thereof, the Advances shall bear interest, payable on demand, at a rate per annum equal to: (i) in the case of Prime-based Advances, three percent (3%) above the Prime-based Rate; and (ii) in the case of a Eurodollar-based Advance, three percent (3%) above the rate which would otherwise be applicable under this Section 3.1 until the end of the then current Interest Period, at which time such Advance shall bear interest at the rate provided for in clause (i) of this Section 3.1. Interest on all Advances shall be calculated on the basis of a 360 day year for the actual number of days elapsed. The interest rate with respect to any Prime-based Advance shall change on the effective date of any change in the Prime-based Rate.

3.2 Each Interest Period for a Eurodollar-based Advance shall commence on the date such Eurodollar-based Advance is made or is converted from an Advance of another type pursuant to Section 3.3 hereof or on the last day of the immediately preceding Interest Period for such Eurodollar-based Advance, and shall end on the date one, two, three or six months thereafter, as the Company may elect as set forth below, subject to the following:

- (i) no Interest Period shall extend beyond the Revolving Credit Maturity Date; and

- (ii) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless the next succeeding Business Day falls in another calendar month, in which case, such Interest Period shall end on the immediately preceding Business Day and when an Interest Period begins on a day which has no numerically corresponding day in the calendar month during which such Interest Period is to end, it shall end on the last Business Day of such calendar month.

The Company shall elect the initial Interest Period applicable to a Eurodollar-based Advance by its Request for Advance given to the Bank pursuant to Section 2.3 or by its notice of conversion given to the Bank pursuant to Section 3.3, as the case may be. Provided that no Event of Default shall have occurred and be continuing, the Company may elect to continue an Advance as a Eurodollar-based Advance by giving irrevocable written, telephonic or telegraphic notice thereof to the Bank, before 11:00 a.m. on the last day of the then current Interest Period applicable to such Eurodollar-based Advance, specifying the duration of the succeeding Interest Period therefor. If the Bank does not receive timely notice of the election and the Interest Period elected by the Company, the Company shall be deemed to have elected to convert such Eurodollar-based Advance to a Prime-based Advance at the end of the then current Interest Period. No more than seven (7) Interest Periods shall be in effect at any one time with respect to the Revolving Credit Note.

3.3 Provided that no Event of Default shall have occurred and be continuing, the Company may, on any Business Day, convert any outstanding Advance into an Advance of another type in the same aggregate principal amount, provided that any conversion of a Eurodollar-based Advance shall be made only on the last Business Day of the then current Interest Period applicable to such Advance. If the Company desires to convert an Advance, it shall give the Bank written or telephonic notice, specifying the date of such conversion, the Advances to be converted, the type of Advance elected and, if the conversion is into a Eurodollar-based Advance, the duration of the first Interest Period therefor, which notice shall be given not later than 11:00 a.m. on the applicable date of conversion.

4. SPECIAL PROVISIONS, CHANGES IN CIRCUMSTANCES AND YIELD PROTECTION.

4.1 If Company makes any payment of principal with respect to any Eurodollar-based Advance on any day other than the last day of the Interest Period applicable thereto (whether voluntarily, by acceleration, or otherwise), or if Company fails to borrow any Eurodollar-based Advance after notice has been given by Company to Bank in accordance with the terms hereof requesting such Advance, or if Company fails to make any payment of principal or interest when due in respect of a Eurodollar-based Advance, Company shall reimburse Bank on demand for any resulting loss, cost or expense incurred by Bank as a result thereof, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties, whether or not Bank shall have funded or committed to

fund such Advance. Such amount payable by Company to Bank may include, without limitation, an amount equal to the excess, if any, of (a) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, refunded or converted, for the period from the date of such prepayment or of such failure to borrow, refund or convert, through the last day of the relevant Interest Period, at the applicable rate of interest for said Advance(s) provided under this Agreement, over (b) the amount of interest (as reasonably determined by Bank) which would have accrued to Bank on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. Calculation of any amounts payable to Bank under this paragraph shall be made as though Bank shall have actually funded or committed to fund the relevant Eurodollar-based Advance through the purchase of an underlying deposit in an amount equal to the amount of such Advance and having a maturity comparable to the relevant Interest Period; provided, however, that Bank may fund any Eurodollar-based Advance in any manner it deems fit and the foregoing assumptions shall be utilized only for the purpose of the calculation of amounts payable under this paragraph. Upon the written request of Company, Bank shall deliver to Company a certificate setting forth the basis for determining such losses, costs and expenses, which certificate shall be conclusively presumed correct, absent manifest error.

4.2 For any Interest Period for which the Applicable Interest Rate is the Eurodollar-based Rate, if Bank shall designate a Eurodollar Lending Office which maintains books separate from those of the rest of Bank, Bank shall have the option of maintaining and carrying the relevant Advance on the books of such Eurodollar Lending Office.

4.3 If with respect to any Interest Period Bank reasonably determines that, by reason of circumstances affecting the foreign exchange and interbank markets generally, deposits in Eurodollars in the applicable amounts are not being offered to the Bank for such Interest Period, then Bank shall forthwith give notice thereof to the Company. Thereafter, until Bank notifies Company that such circumstances no longer exist, the obligation of Bank to make Eurodollar-based Advances for such Interest Period, and the right of Company to convert an Advance to or refund an Advance as a Eurodollar-based Advance for such Interest Period shall be suspended.

4.4 If, after the date hereof, the introduction or implementation of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, shall make it unlawful or impossible for the Bank (or its Eurodollar Lending Office) to honor its obligations hereunder to make or maintain any Advance with interest at the Eurodollar-based Rate, Bank shall forthwith give notice thereof to Company. Thereafter (a) the obligations of Bank to make Eurodollar-based Advances and the right of Company to convert an Advance or refund an Advance as a Eurodollar-based Advance shall be suspended and thereafter Company may select as Applicable Interest Rates only those which remain available, and (b) if Bank may not lawfully continue to maintain an Advance to the end of the then current Interest Period applicable thereto, the Prime-based Rate shall be the Applicable Interest Rate for the remainder of such Interest Period.

4.5 If the adoption or implementation after the date hereof, or any change after the date hereof in, any applicable law, rule or regulation of any governmental authority, central bank

or comparable agency charged with the interpretation or administration thereof, or compliance by Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) made by any such authority, central bank or comparable agency after the date hereof:

- (a) shall subject Bank (or its Eurodollar Lending Office) to any tax, duty or other charge with respect to any Advance or any Note or shall change the basis of taxation of payments to Bank (or its Eurodollar Lending Office) of the principal of or interest on any Advance or the Note or any other amounts due under this Agreement in respect thereof (except for changes in the rate of tax on the overall net income of Bank or its Eurodollar Lending Office imposed by any jurisdiction in which Bank is organized or engaged in business); or
- (b) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by Bank (or its Eurodollar Lending Office) or shall impose on Bank (or its Eurodollar Lending Office) or the foreign exchange and interbank markets any other condition affecting any Advance or the Note;

and the result of any of the foregoing is to increase the costs to Bank of maintaining any part of the indebtedness hereunder or to reduce the amount of any sum received or receivable by Bank under this Agreement or under the Note, by an amount deemed by the Bank to be material, then Bank shall promptly notify Company of such fact and demand compensation therefor and, within fifteen days after demand by Bank, Company agrees to pay to Bank such additional amount or amounts as will compensate Bank for such increased cost or reduction. Bank will promptly notify Company of any event of which it has knowledge which will entitle Bank to compensation pursuant to this Section. A certificate of Bank setting forth the basis for determining such additional amount or amounts necessary to compensate Bank shall be conclusively presumed to be correct save for manifest error. Bank agrees that, as promptly as practical after it becomes aware of the occurrence of any event or the existence of a condition that will cause Bank to be entitled to compensation under this Section, it will, to the extent not inconsistent with Bank's internal policies, use reasonable efforts to make, fund or maintain any affected Eurodollar-based Advance through another lending office of Bank if as a result thereof the additional monies which would otherwise be required to be paid in respect of such Eurodollar-based Advance would be materially reduced and if, as determined by Bank, in its reasonable discretion, the making, funding or maintaining of such Eurodollar-based Advance through such other lending office would not materially adversely affect such Advance or Bank. Company shall pay all reasonable expenses incurred by Bank in utilizing another lending office pursuant to this Section.

4.6 In the event that at any time after the date of this Agreement any change in law such as described in Section 4.5, hereof, shall, in the reasonable opinion of Bank require that the credit provided under Section 2 of this Agreement be treated as an asset or otherwise be included for purposes of calculating the appropriate amount of capital to be maintained by Bank or any corporation controlling Bank and such change has or would have the effect of reducing the rate of return on Bank's or Bank's parent's capital or assets as a consequence of the Bank's

obligations hereunder to a level below that which Bank or Bank's parent would have achieved but for such change, then Bank shall notify Company and demand compensation therefor and, within fifteen days after demand by Bank, Company agrees to pay to Bank such additional amount or amounts as will compensate Bank for such reduction. Bank will promptly notify Company of any event of which it has knowledge which will entitle Bank to compensation pursuant to this Section. A certificate of Bank setting forth the basis for determining such additional amount or amounts necessary to compensate Bank shall be conclusively presumed to be correct save for manifest error.

4.7 A late installment charge equal to five percent (5%) of each late installment under any Note may be charged on any installment payment not received by Bank within ten (10) calendar days after the installment due date but acceptance of this charge shall not waive any default or Event of Default under this Agreement.

4.8 Adjustments to the Applicable Margin, Applicable Fee Percentage and Applicable L/C Commission Rate based on Schedule 1.1 shall be implemented quarterly as follows:

- (a) Such adjustments shall be given prospective effect only, effective as of the first day of the first quarter following delivery of the financial statements under Sections 7.1(a) and 7.1(b) hereunder and the covenant compliance report under Section 7.10 hereof, in each case establishing applicability of the appropriate adjustment, in each case with no retroactivity or claw-back. In the event the Company fails timely to deliver such financial statements or the covenant compliance report, then (but without affecting the Event of Default resulting therefrom) from the date delivery of such financial statements and report was required until such financial statements and report are delivered, the margins (including the Applicable Fee Percentage and the Applicable L/C Commission Rate) shall be at the next higher level as compared to the then applicable level (for example if Level 1 was applicable, the margins will move to Level 2) on the Pricing Matrix attached to this Agreement as Schedule 1.1.
- (b) From the date of execution of this Agreement until the required date of delivery (or, if earlier, delivery) under Section 7.1(b) of the Company's financial statements for the fiscal quarter ending September 30, 2005, the margins shall be those set forth under the Level 1 column of the Pricing Matrix attached to this Agreement as Schedule 1.1. Thereafter, all margins shall be based upon the Company's financial statements and covenant compliance reports, subject to recalculation as provided in subsection 4.8(a) above.

5. CONDITIONS

5.1 Company agrees to furnish Bank prior to the initial borrowing under this Agreement, in form and substance to be satisfactory to Bank, with (i) certified copies of resolutions of the Directors of Company evidencing approval of the borrowings and transactions contemplated hereunder; (ii) a certificate of good standing from the state of Company's incorporation and from the state(s) in which is required to be qualified to do business; (iii) an opinion of Company's and the Guarantors' legal counsel; and (iv) such other documents and instruments as Bank may reasonably require.

5.2 As security for all indebtedness of Company to Bank hereunder, Company agrees to furnish, execute and deliver to Bank, or cause to be furnished, executed and delivered to Bank, prior to or simultaneously with the initial borrowing hereunder, in form to be satisfactory to Bank and supported by appropriate resolution in certified form authorizing same, the following:

- (a) The Security Agreements;
- (b) A Guaranty from BSST, LLC ("BSST");
- (c) Financing Statements required or requested by Bank to perfect all security interests to be conferred upon Bank under this Agreement and to accord Bank a perfected first priority security position under the Uniform Commercial Code (subject only to the encumbrances permitted hereunder);
- (d) Such other documents or agreements of security and appropriate assurances of validity and perfected first priority of lien or security interest as Bank may reasonably request at any time.

6. REPRESENTATIONS AND WARRANTIES

Company represents and warrants and such representations and warranties shall be deemed to be continuing representations and warranties during the entire life of this Agreement:

6.1 Company is a corporation organized and existing and in good standing under the laws of the State of Michigan and Company is in good standing in each other jurisdiction in which it is qualified to do business and in which the failure to be so qualified would have a material adverse effect on Company; execution, delivery and performance of this Agreement and other documents and instruments required under this Agreement, and the issuance of the Note by Company are within its corporate powers, have been duly authorized, are not in contravention of law or the terms of Company's Articles of Incorporation or Bylaws, and do not require the consent or approval of any governmental body, agency or authority; and this Agreement and other documents and instruments required under this Agreement and Note, when issued and delivered, will be valid and binding in accordance with their terms enforceable against the Company in accordance with their respective terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

6.2 The execution, delivery and performance of this Agreement and any other documents and instruments required under this Agreement, and the issuance of the Note by Company are not in contravention of the terms of any indenture, agreement or undertaking to which Company is a party or by which it is bound.

6.3 No litigation or other proceeding before any court or administrative agency is pending, or to the knowledge of the officers of Company is threatened against Company or any

Subsidiary, the outcome of which could reasonably be expected to materially impair the Company's or any Subsidiary's financial condition or the ability of Company or any Subsidiary to carry on its business.

6.4 There are no security interests in, liens, mortgages, or other encumbrances on any of Company's or any Subsidiary's assets except to Bank and except as permitted pursuant to the provisions of Section 8.7.

6.5 The financial statements of Company for the period ending June 30, 2005, previously furnished Bank, are complete and correct and fairly presents the financial condition of Company and its Subsidiaries as of such date in all material respects, and since said date there has been no material adverse change in the financial condition of Company or any Subsidiary; to the best of the knowledge of Company's officers, neither Company nor any Subsidiary has any material contingent obligations (including any liability for taxes) not disclosed by or reserved against in said financial statements and at the present time there are no material unrealized or anticipated losses from any present commitment of Company or any Subsidiary.

6.6 Except as disclosed in Schedule 6.6, neither Company nor any Subsidiary maintains or contributes to any employee benefit pension plan subject to Title IV of ERISA. There is no unfunded past service liability of any pension plan and there is no accumulated funding deficiency within the meaning of ERISA, or any existing material liability with respect to any pension plan owed to the Pension Benefit Guaranty Corporation ("PBGC") or any successor thereto, except any funding deficiency for which an application to the PBGC for waiver is pending or for which a waiver has been granted by the PBGC.

6.7 All tax returns and tax reports of Company and each Subsidiary required by law to be filed have been duly filed or extensions obtained, and all taxes, assessments and other governmental charges or levies (other than those presently payable without penalty and those currently being contested in good faith for which adequate reserves have been established) upon Company or any Subsidiary (or any of its properties) which are due and payable have been paid. The charges, accruals and reserves on the books of Company and the Subsidiaries in respect of the Federal income tax for all periods are adequate in the opinion of Company.

6.8 There are no Subsidiaries of Company except as disclosed in Schedule 6.8 attached hereto.

6.9 Company and its Subsidiaries are, in the conduct of their business, in compliance in all material respects with all federal, state or local laws, statutes, ordinances and regulations applicable to them, the enforcement of which, if Company or any Subsidiary were not in compliance, would materially adversely affect their respective businesses or the value of their respective property or assets and Company and its Subsidiaries, have all approvals, authorizations, consents, licenses, orders and other permits of all governmental agencies and authorities, whether federal, state or local, required to permit the operation of its business as presently conducted, except such approvals, authorizations, consents, licenses, orders and other permits with respect to which the failure to have can be cured without having a material adverse effect on the operation of such business.

6.10 No representation or warranty by Company in this Agreement, nor any statement or certificate (including financial statements) furnished or to be furnished to Bank pursuant hereto contains or will contain any materially untrue statement of any material fact or omits or will omit to state a material fact necessary to make such representation, warranty, statement or certificate not misleading.

6.11 Neither Company nor any Subsidiary is party to any litigation or administrative proceeding, nor, so far as is known by Company, is any litigation or administrative proceeding threatened against Company, which in either case (A) asserts or alleges that Company or any Subsidiary violated Environmental Laws, (B) asserts or alleges that Company or any Subsidiary is required to clean up, remove, or take remedial or other response action due to the disposal, depositing, discharge, leaking or other release of any hazardous substances or materials, (C) asserts or alleges that Company or any Subsidiary is required to pay all or a portion of the cost of any past, present, or future cleanup, removal or remedial or other response action which arises out of or is related to the disposal, depositing, discharge, leaking or other release of any hazardous substances or materials by Company or any Subsidiary, and in any such case, the outcome of which could reasonably be expected to materially impair the Company's or such Subsidiary's financial condition or the ability of Company or any Subsidiary to carry on its business.

6.12 To the best knowledge of Company, there are no conditions existing currently which would subject Company or any Subsidiary to damages, penalties, injunction relief or cleanup costs under any applicable Environmental Laws or which require or are likely to require cleanup, removal, remedial action or other response pursuant to applicable Environmental Laws by Company or any Subsidiary, and in any such case, the outcome of which could reasonably be expected to materially impair the Company's or such Subsidiary's financial condition or the ability of Company or any Subsidiary to carry on its business.

6.13 Neither Company nor any Subsidiary is subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Laws and to the best knowledge of the Company, Company nor any Subsidiary has been named or listed as a potentially responsible party by any governmental body or agency in a matter arising under any applicable Environmental Laws, and in any such case, the outcome of which could reasonably be expected to materially impair the Company's or such Subsidiary's financial condition or the ability of Company or any Subsidiary to carry on its business.

6.14 Company and its Subsidiaries have all material permits, licenses and approvals required under applicable Environmental Laws.

6.15 Company and each Subsidiary has good and valid title to the property pledged, mortgaged or otherwise encumbered by it to Bank in all material respects and there is no lien upon, or with respect to any of such property, except for Permitted Liens.

7. AFFIRMATIVE COVENANTS

Company covenants and agrees that it will, so long as Bank may make any advance under this Agreement and thereafter so long as any indebtedness remains outstanding under this Agreement:

7.1 Furnish Bank:

- (a) within ninety (90) days after and as of the end of each fiscal year of Company, a balance sheet and statement of profit and loss and changes in cash flow of Company and its Consolidated Subsidiaries each prepared in accordance with GAAP and audited by PricewaterhouseCoopers LLP or other independent certified public accountants reasonably satisfactory to Bank;
- (b) within thirty (30) days after and as of the end of each month, a balance sheet and statement of profit and loss and changes in cash flow of Company each prepared in accordance with GAAP (excluding footnote disclosures that would otherwise be required by GAAP) and certified by an officer of Company;
- (c) within forty five (45) days after and as of the end of each fiscal quarter, a balance sheet and statement of profit and loss and changes in cash flow of Company each prepared in accordance with GAAP (excluding footnote disclosures that would otherwise be required by GAAP) and certified by an officer of Company;
- (d) within thirty (30) days after and as of the end of each month, a detailed aging of Company's accounts receivable and accounts payable, an inventory report and a borrowing base report each in form acceptable to Bank;
- (e) no later than December 31 of each year of Company projections of Company and its Subsidiaries for the next succeeding fiscal year, on a month to month basis in form acceptable to Bank;
- (f) as soon as available, Company's 8-K, 10-Q and 10-K reports filed with the federal Securities and Exchange Commission, and in any event, with respect to the 10-Q report, within forty five (45) days of the end of each of the first three fiscal quarters of each of Company's fiscal years, and with respect to the 10-K report, within ninety (90) days after and as of the end of each of Company's fiscal years; and as soon as available, copies of all material filings, reports or other documents filed by Company or any of its Subsidiaries with the federal Securities and Exchange Commission or other federal regulator or taxing agencies or authorities in the United States, or comparable agencies or authorities in foreign jurisdictions, or any stock exchanges in such jurisdiction;
- (g) such information as required by the terms and conditions of the Security Agreements referred to in this Agreement; and
- (i) promptly, and in form to be satisfactory to Bank, such other information as Bank may reasonably request from time to time.

7.2 Pay and discharge, and cause its Subsidiaries to pay and discharge, all taxes and other governmental charges, and all material contractual obligations calling for the payment of money, before the same shall become overdue, unless and to the extent only that such payment is being contested in good faith by appropriate proceedings diligently pursued.

7.3 Maintain, and cause its Subsidiaries to maintain, insurance coverage on its physical assets and against other business risks in such amounts and of such types as are customarily carried by companies similar in size and nature, and in the event of acquisition of additional property, real or personal, or of incurrence of additional risks of any nature, increase such insurance coverage in such manner and to such extent as prudent business judgment and present practice would dictate; and in the case of all policies covering property mortgaged or pledged to Bank or property in which Bank shall have a security interest of any kind whatsoever, other than those policies protecting against casualty liabilities to strangers, all such insurance policies shall provide that the loss payable thereunder shall be payable to Company or such Subsidiary and Bank as their respective interests may appear, all said policies or copies thereof, including all endorsements thereon and those required hereunder, to be deposited with Bank.

7.4 Permit, and cause its Subsidiaries to permit, Bank, through its authorized attorneys, accountants and representatives, to examine Company's and its Subsidiaries' books, accounts, records, ledgers and assets of every kind and description at all reasonable times upon oral or written request of Bank, which shall include but shall not be limited to collateral audits of Company and its Subsidiaries conducted by Bank, at Company's own cost and expense.

7.5 Promptly notify Bank of any condition or event which constitutes or with the running of time and/or the giving of notice would constitute an event of default under this Agreement, and promptly inform Bank of the existence or occurrence of any condition or event which is reasonably expected to have a material adverse effect upon Company's or any Subsidiary's financial condition.

7.6 Maintain in good standing, and cause each Subsidiary to maintain in good standing, all licenses required by the State of Michigan or any agency thereof, or other governmental authority that may be necessary or required for Company to carry on its general business objects and purposes unless the failure to so maintain such licenses would not have a material adverse effect on the financial condition or operations of Company.

7.7 Furnish Bank, and cause each Subsidiary to furnish to Bank, upon Bank's request, in forms reasonably satisfactory to Bank with such pledges, assignments, mortgages, lien instruments or other security instruments covering all of Company's and each Domestic Subsidiary's personal property, of every nature and description (except for real property leasehold interests), whether now owned or hereafter acquired, to the extent that Bank may in its reasonable credit judgment require in order to perfect Bank's security interests in such collateral.

7.8 Comply, and cause each Subsidiary to comply, with all material requirements imposed by ERISA as presently in effect or hereafter promulgated, including but not limited to, the minimum funding requirements of any Pension Plan (as defined below).

7.9 Promptly notify Bank after the occurrence thereof in writing of any of the following events:

- (a) the termination by Company or any Subsidiary of a pension plan subject to Title IV of ERISA (a "Pension Plan");
- (b) the appointment of a trustee by a United States District Court to administer a Pension Plan;
- (c) the commencement by the PBGC, or any successor thereto of any proceeding to terminate Company's or any Subsidiary's Pension Plan;
- (d) the failure of Company's or any Subsidiary's Pension Plan to satisfy the minimum funding requirements for any plan year as established in Section 412 of the Internal Revenue Code of 1954, as amended or any similar provision under the Internal Revenue Code of 1986, as amended;
- (e) the withdrawal of Company or any Subsidiary from a Pension Plan; or
- (f) a reportable event, within the meaning of Title IV of ERISA.

7.10 Furnish to the Bank concurrently with the delivery of each of the financial statements required by Section 7.1(a) and (c), a statement prepared and certified by the chief financial officer of Company (or in such officer's absence, a responsible senior officer of Company) (a) setting forth all computations necessary to show compliance by Company with the financial covenants set forth in Sections 7.11, 7.12 and 7.13 as of the date of such financial statements, (b) stating that as of the date thereof, no condition or event which constitutes an event of default hereunder or which with the running of time and/or the giving of notice would constitute an event of default hereunder has occurred and is continuing, or if any such event or condition has occurred and is continuing or exists, specifying in detail the nature and period of existence thereof and any action taken with respect thereto taken or contemplated to be taken by Company and (c) stating that the signer has personally reviewed this Agreement and that such certificate is based on an examination sufficient to assure that such certificate is accurate.

7.11 Beginning December 31, 2005, maintain at all times Tangible Net Worth of not less than the Base Tangible Net Worth.

7.12 Maintain at all a times a Leverage Ratio of not more than 2.5 to 1.0

7.13 Maintain at all times a Funded Debt to EBITDA Ratio on not more than the following amounts during the periods specified between:

Present through December 30, 2006	2.5 to 1.0
December 31, 2006 and thereafter	2.0 to 1.0

7.14 Maintain all cash collection, general disbursement and other bank accounts with Bank, excluding (a) non-Michigan bank accounts used primarily for payroll purposes and (b) foreign bank accounts used in connection with Company's international operations.

7.15 Cause each person that is or becomes a Domestic Subsidiary of the Company from time to time to execute and deliver a secured Guaranty to the Bank, together with such other documentation as Bank may reasonable require.

8. NEGATIVE COVENANTS

Company covenants and agrees that, so long as Bank may make any Advances under this Agreement and thereafter so long as any Indebtedness remains outstanding under this Agreement, it will not, and will cause its Subsidiaries not to, without the prior written consent of Bank:

8.1 Purchase, acquire or redeem any of its equity interests or make any material change in its capital structure or general business objects or purpose (it being understood that the issuance of equity interests of Company shall not be prohibited by this Section 8.1), except for redemptions and repurchases of its equity interests so long as at the time of such redemption or repurchase and after giving effect thereto no Event of Default (or event which with the giving of notice or the passage of time or both would constitute an Event of Default) shall have occurred and be continuing and Availability shall be not less than fifty percent (50%) of the then applicable Borrowing Base and provided that the aggregate amount of such redemptions and repurchases shall not exceed \$5,000,000 during any single fiscal year of Company.

8.2 Enter into any merger or consolidation or sell, lease, transfer, or dispose of all, substantially all, or any part of its assets, except (a) sales of inventory in the ordinary course of its business, (b) sales or other dispositions of assets in the ordinary course of business which have become worn out or obsolete in the aggregate not exceeding Five Hundred Thousand Dollars (\$500,000) in any fiscal year; or (c) sales or other dispositions of assets (other than accounts receivable) outside the ordinary course of business not exceeding in the aggregate Two Hundred Fifty Thousand Dollars (\$250,000) in any fiscal year.

8.3 Guarantee, endorse, or otherwise become secondarily liable for or upon the obligations of others, except by endorsement for deposit in the ordinary course of business and except in favor of Bank.

8.4 Become or remain obligated for any indebtedness for borrowed money, or for any indebtedness incurred in connection with the acquisition of any property, real or personal, tangible or intangible, except:

- (a) indebtedness to Bank;
- (b) current unsecured trade, utility or non-extraordinary accounts payable arising in the ordinary course of Company's or any Subsidiary's business;
- (c) purchase money indebtedness for the acquisition of fixed assets or capital leases in an amount not to exceed \$750,000 in the aggregate during any fiscal year of Company (on a combined basis for Company and its Subsidiaries); and
- (d) existing indebtedness disclosed in Schedule 8.4 attached hereto.

8.5 Purchase or otherwise acquire or become obligated for the purchase of all or substantially all of the assets or business interests of any person, firm or corporation or any shares of stock of any corporation, trusteeship or association or in any other manner effectuate or attempt to effectuate an expansion of present business by acquisition, except for Permitted Acquisitions.

8.6 Except as disclosed in Schedule 8.6 attached hereto, make or allow to remain outstanding any investment (whether such investment shall be of the character of investment in shares of stock, evidences of indebtedness or other securities or otherwise) in, or any loans or advances to, any person, firm, corporation or other entity or association other than in connection with: (a) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales of goods or services in the ordinary course of business, (b) short term, investment grade money market instruments, in accordance with the Company's usual and customary treasury management policies, (c) investments consisting of Permitted Acquisitions, (d) investments in Subsidiaries which are Guarantors and which have complied with the provisions of Section 7.15, (e) investments in Subsidiaries which are not Domestic Subsidiaries and which are not Guarantors in an amount not exceeding \$250,000 in the aggregate and (f) Company's existing investment in Amerigon Asia Pacific Inc.

8.7 Affirmatively pledge or mortgage any of its assets, whether now owned or hereafter acquired, or create, suffer or permit to exist any lien, security interest in, or encumbrance thereon, except the following: (a) to Bank, (b) disclosed in Schedule 8.7(c) attached hereto and (d) Permitted Liens.

8.8 Sell, assign, transfer or confer a security interest in any account, note, trade acceptance or other receivable, except to Bank.

8.9 Make loans, advances of credit or extensions of credit to any officer, director or shareholder of Company or any Subsidiary or any member of their immediate families or entity controlled by any of the foregoing or to any other person, except for sales on open account or in the ordinary course of business.

8.10 Declare or pay any dividends or distributions with respect to its equity interests except for (a) dividends by a Subsidiary to Company and dividends and distributions payable only in common stock of Company and (b) dividends and distributions during any single fiscal year of Company in an amount not exceeding One Million Dollars (\$1,000,000) so long as at the time declared and at the time paid no Event of Default (or event which with the giving of notice or the passage of time or both would constitute an Event of Default) shall have occurred and be continuing and Availability shall be not less than fifty percent (50%) of the then applicable Borrowing Base.

8.11 Enter into any transaction or series of transactions with any Affiliate other than on terms and conditions as favorable to Company and its Subsidiaries as would be obtainable in a comparable arms-length transaction with a person other than an Affiliate.

8.12 Enter into or become subject to any agreement (other than this Agreement) (i) prohibiting the creation or assumption of any lien or encumbrance upon the properties or assets of Company or (ii) requiring an obligation to become secured (or further secured) if another obligation is secured or further secured.

9. ENVIRONMENTAL PROVISIONS

9.1 Company shall comply, and shall cause its Subsidiaries to comply, with all applicable Environmental Laws except for such non-compliance which would reasonably not be expected to materially adversely affect its business or the value of its property or assets.

9.2 Company shall provide to Bank, promptly upon receipt, copies of any correspondence, notice, pleading, citation, indictment, complaint, order, decree, or other document from any source asserting or alleging a circumstance or condition which requires or may require a financial contribution by Company or any Subsidiary to a cleanup, removal, remedial action, or other response by or on the part of Company or any Subsidiary under applicable Environmental Laws or which seeks damages or civil, criminal or punitive penalties from Company for an alleged violation of Environmental Laws, where such contribution, response or damages would reasonably be expected to materially adversely affect its business or the value of its property or assets.

9.3 Company shall promptly notify Bank in writing as soon as Company becomes aware of the occurrence or existence of any condition or circumstance which makes the environmental warranties contained in this Agreement incomplete or inaccurate in any material respect as of any date.

9.4 In the event of any condition or circumstance that makes any environmental warranty, representation and/or agreement incomplete or inaccurate in any material respect as of any date, Company shall, at the reasonable request of Bank, at its sole expense, retain an environmental consultant, reasonably acceptable to Bank, to conduct a thorough and complete investigation regarding the changed condition and/or circumstance. A copy of the environmental consultant's report will be promptly delivered to both Bank and Company upon completion.

9.5 At any time Company, directly or indirectly through any environmental consultant or other representative, determines to undertake an environmental audit, assessment or investigation relating to any fact, event or condition which would reasonably be expected to materially adversely affect its business or the value of its property or assets, Company shall promptly provide Bank with written notice of the initiation of the environmental audit, fully describing the purpose and intended scope of the environmental audit. Upon receipt, Company will promptly provide to Bank copies of all final findings and conclusions of any such environmental investigation.

9.6 Company hereby indemnifies, saves and holds Bank and any of its past, present and future officers, directors, shareholders, employees, representatives and consultants harmless from any and all loss, damages, suits, penalties, costs, liabilities and expenses (including but not limited to reasonable investigation, environmental audit(s), and legal expenses) arising out of any claim, loss or damage to any property, injuries to or death of persons, contamination of or adverse affects on the environment, or any violation of any applicable Environmental Laws, caused by or in any way related to any property owned or operated by Company, or due to any

acts of Company or such person's, officers, directors, shareholders, employees, consultants and/or representatives; provided, however, that the foregoing indemnification shall not be applicable when arising solely from events or conditions occurring while the Bank is in sole possession (subject to the rights of any creditors of Company) of such property. In no event shall Company be liable hereunder for any loss, damages, suits, penalties, costs, liabilities or expenses arising from any act of gross negligence of Bank, or its agents or employees.

It is expressly understood and agreed that the indemnifications granted herein are intended to protect Bank, its past, present and future officers, directors, shareholders, employees, consultants and representatives from any claims that may arise by reason of the security interest, liens and/or mortgages granted to Bank, or under any other document or agreement given to secure repayment of any indebtedness from Company, whether or not such claims arise before or after Bank has foreclosed upon and/or otherwise become the owner of any such property. All obligations of indemnity as provided hereunder shall be secured by the collateral documents.

It is expressly agreed and understood that the provisions hereof shall and are intended to be continuing and shall survive the repayment of any indebtedness from Company to Bank.

9.7 Company shall maintain, and shall cause its Subsidiary to maintain, all permits, licenses and approvals required under applicable Environmental Laws except such permits, licenses and approvals the failure of which to have would reasonably not be expected to materially adversely affect its business or the value of its property or assets.

10. EVENTS OF DEFAULT

- (a) non-payment of any installment of the principal or interest on the Note when due in accordance with the terms thereof (and, in the case of any such interest payment, the continuance thereof for five (5) Business Days), or upon non-payment of any other outstanding indebtedness of Company to Bank hereunder or under any other instrument or evidence of indebtedness when due in accordance with the terms thereof;
- (b) default in the observance or performance of any of the conditions, covenants or agreements of Company set forth in Sections 7.1(d), 7.3, 7.4, 7.5, 7.11, 7.12, 7.13, 7.14, 7.15 or 8;
- (c) default in observance or performance of any of the conditions, covenants or agreements of Company set forth in Sections 7.1(a), 7.1(b), 7.1(c), 7.1(e), 7.1(f), 7.1(g) or 7.10 and continuance thereof for ten (10) days;
- (d) default in observance or performance of any of the other conditions, covenants or agreements of Company herein set forth, and continuance thereof for thirty (30) days after notice to Company by Bank;
- (e) any representation or warranty made by Company herein or by Company or any other person in any instrument submitted pursuant hereto proves untrue in any material respect;

- (f) default in the observance or performance of any of the conditions, covenants or agreements of Company or any other person set forth in any collateral document of security which may be given to secure the indebtedness hereunder or in any other collateral document related to or connected with this Agreement or the indebtedness hereunder, and continuation of such default beyond any period of grace specified in any such document;
- (g) default in the payment of any other obligation of Company, any of its Subsidiaries or any Guarantor for borrowed money in excess of the sum of One Hundred Thousand Dollars (\$100,000) or in the observance or performance of any conditions, covenants or agreements related or given with respect thereto;
- (h) a judgment for the payment of money in excess of the sum of One Hundred Thousand Dollars (\$100,000) in the aggregate is rendered against Company, any of its Subsidiaries or any Guarantor and such judgment shall remain unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of thirty (30) consecutive days from the date of its entry;
- (i) the occurrence of any "reportable event", as defined in the Employee Retirement Income Security Act of 1974 and any amendments thereto, which is determined to constitute grounds for termination by the PBGC of any employee pension benefit plan maintained by or on behalf of Company or any Subsidiary for the benefit of any of their respective employees or for the appointment of a trustee by the appropriate United States District Court to administer such plan and such reportable event is not corrected and such determination is not revoked within thirty (30) days after notice thereof has been given to the plan administrator or Company or such Subsidiary; or the institution of proceedings by the PBGC to terminate any such employee benefit pension plan or to appoint a trustee to administer such plan; or the appointment of a trustee by the appropriate United States District Court to administer any such employee benefit pension plan;
- (j) if there shall occur a Change of Control;
- (k) the revocation of any of the Guaranties;
- (l) any loss, theft, substantial damage or destruction to any material portion of the Collateral which is not covered by insurance or the issuance or filing of any attachment, levy, garnishment or the commencement of any proceeding with respect to the Collateral in excess of One Hundred Thousand Dollars (\$100,000), or Bank shall reasonably fear deterioration, removal or waste of the Collateral;

then, or at any time thereafter, unless such default is remedied, Bank may give notice to Company declaring all outstanding indebtedness hereunder and under the Note to be due and payable, whereupon all Indebtedness then outstanding hereunder and under the Note and any Letters of Credit shall immediately become due and payable without further notice and demand, and Bank shall not be obligated to make further Advances or issue any Letters of Credit hereunder.

10.2 If a creditors' committee shall have been appointed for the business of Company, any Subsidiary or any Guarantor in connection with any bankruptcy or insolvency; or if Company, any Subsidiary or any Guarantor shall have made a general assignment for the benefit of creditors or shall have been adjudicated bankrupt, or shall have filed a voluntary petition in bankruptcy or for reorganization or to effect a plan or arrangement with creditors; or shall file an answer to a creditor's petition or other petition filed against it, admitting the material allegations thereof for an adjudication in bankruptcy or for reorganization; or shall have applied for or permitted the appointment of a receiver, or trustee or custodian for any of its property or assets; or such receiver, trustee or custodian shall have been appointed for any of its property or assets (otherwise than upon application or consent of Company, any Subsidiary or any Guarantor, as applicable), and such receiver, trustee or custodian so appointed shall not have been discharged within thirty (30) days after the date of his appointment or if an order shall be entered and shall not be dismissed or stayed within thirty (30) days from its entry, approving any petition for reorganization of Company, any Subsidiary or any Guarantor, then the Note and all Indebtedness then outstanding hereunder shall automatically become immediately due and payable and Bank shall not be obligated to make further Advances or issue any Letters of Credit under this Agreement.

10.3 Upon the occurrence and during the continuance of an Event of Default, unless all of the Indebtedness is then immediately fully paid, Bank shall have and may exercise any one or more of the rights and remedies for which provision is made for a secured party under the UCC, under the Security Agreements or under any other document contemplated hereby or for which provision is provided by law or in equity, including, without limitation, the right to take possession and sell, lease or otherwise dispose of any or all of the collateral and to set off against the Indebtedness any amount owing by Bank to Company and/or any property of Company in possession of Bank. Company agrees, upon request of Bank, to assemble the collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Company.

10.4 All of the Indebtedness shall constitute one loan secured by Bank's security interest in the collateral and by all other security interests, mortgages, liens, claims, and encumbrances now and from time to time hereafter granted from Company to Bank. Upon the occurrence and during the continuance of an Event of Default which is not cured within the cure period, if any, provided hereunder, Bank may in its sole discretion apply the collateral to any portion of the Indebtedness. The proceeds of any sale or other disposition of the Collateral authorized by this Agreement shall be applied by Bank, first upon all expenses authorized by the Michigan Uniform Commercial Code (or other applicable law) or otherwise in connection with the sale and all reasonable attorneys' fees and legal expenses incurred by Bank; the balance of the proceeds of such sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to other Indebtedness and the surplus, if any, shall be paid over to Company or to such other Person or Persons as may be entitled thereto under applicable law. Company shall remain liable for any deficiency, which Company shall pay to Bank immediately upon demand.

10.5 The remedies provided for herein are cumulative to the remedies for collection of the Indebtedness as provided by law, in equity or by any mortgage, security agreement or other document contemplated hereby. Nothing herein contained is intended, nor shall it be construed, to preclude Bank from pursuing any other remedy for the recovery of any other sum to which Bank may be or become entitled for the breach of this Agreement by Company.

10.6 Upon the occurrence and during the continuance of any Event of Default, Company shall immediately upon demand by Bank deposit with Bank cash collateral in the amount equal to the maximum amount available to be drawn at any time under any Letter of Credit then outstanding.

11 MISCELLANEOUS

11.1 This Agreement shall be binding upon and shall inure to the benefit of Company and Bank and their respective successors and assigns, except that the credit provided for under this Agreement and no part thereof and no obligation of Bank hereunder shall be assignable or otherwise transferable by Company.

11.2 Company shall pay all closing costs and expenses, including, by way of description and not limitation, reasonable attorney fees and lien search fees incurred by Bank in connection with the commitment, consummation and closing of this Agreement. All of said amounts required to be paid by Company may, at Bank's option, be charged by Bank as an advance against the proceeds of the Note. All costs, including reasonable attorney fees incurred by Bank in protecting or enforcing any of its or any of the Bank's rights against Company or any collateral or in defending Bank from any claims or liabilities by any party or otherwise incurred by Bank in connection with an event of default or the enforcement of this Agreement or the related documents, including by way of description and not limitation, such charges in any court or bankruptcy proceedings or arising out of any claim or action by any person against Bank which would not have been asserted were it not for Bank's relationship with Company hereunder, shall also be paid by Company.

11.3 Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP.

11.4 No delay or failure of Bank in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, or the exercise of any other power, right or privilege. The rights of Bank under this Agreement are cumulative and not exclusive of any right or remedies which Bank would otherwise have.

11.5 Except as expressly provided otherwise in this Agreement, all notices and other communications provided to any party hereto under this Agreement shall be in writing and shall be given by personal delivery, by mail, by reputable overnight courier, by telex or by facsimile and addressed or delivered to it at its address set forth below or at such other address as may be designated by such party in a notice to the other parties that complies as to delivery with the terms of this Section 11.5. Any notice, if personally delivered or if mailed and properly addressed with postage prepaid and sent by registered or certified mail, shall be deemed given when received; any notice, if given to a reputable overnight courier and properly addressed, shall

be deemed given two (2) Business Days after the date on which it was sent, unless it is actually received sooner by the named addressee; and any notice, if transmitted by telex or facsimile, shall be deemed given when received (answerback confirmed in the case of telexes and receipt confirmed in the case of telecopies). Bank may, but shall not be required to, take any action on the basis of any notice given to it by telephone, but Company shall promptly confirm such notice in writing or by telex or facsimile, and such notice will not be deemed to have been received until such confirmation is deemed received in accordance with the provisions of this Section set forth above. If such telephonic notice conflicts with any such confirmation, the terms of such telephonic notice shall control.

To Company:
500 Town Center Drive,
Suite 200
Dearborn, Michigan 48126
Attention: Mr. Barry Steele
Fax No. (313) 336-1847

To Bank:
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Steven J. McCormack
Fax No. (313) 222-3776

11.6 This Agreement and the Notes have been delivered at Detroit, Michigan, and shall be governed by and construed and enforced in accordance with the laws of the State of Michigan. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.7 No amendments or waiver of any provisions of this Agreement nor consent to any departure by Company therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No amendment, waiver or consent with respect to any provision of this Agreement shall affect any other provision of this Agreement.

11.8 All sums payable by Company to Bank under this Agreement or the other documents contemplated hereby shall be paid directly to Bank at its principal office set forth in Section 11.5 hereof in immediately available United States funds, without set off, deduction or counterclaim. In its sole discretion, Bank may charge any and all deposit or other accounts (including without limit an account evidenced by a certificate of deposit) of Company with Bank for all or a part of any Indebtedness then due; provided, however, that this authorization shall not affect Company's obligation to pay, when due, any Indebtedness whether or not account balances are sufficient to pay amounts due.

11.9 Any payment of the Indebtedness made by mail will be deemed tendered and received only upon actual receipt by Bank at the address designated for such payment, whether or not Bank has authorized payment by mail or any other manner, and shall not be deemed to have been made in a timely manner unless received on the date due for such payment, time being of the essence. Company expressly assumes all risks of loss or liability resulting from non-delivery or delay of delivery of any item of payment transmitted by mail or in any other manner. Acceptance by Bank of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default, and at any time thereafter and until the entire amount then due has been paid, Bank shall be entitled to exercise any and all rights conferred upon it herein upon the occurrence of an Event of Default. Upon the occurrence and during the continuance of an Event of Default, Company waives the right to direct the application of any and all payments at any time or times hereafter received by Bank from or on behalf of Company. Upon the occurrence and during the continuance of an Event of Default, Company agrees that Bank shall have the continuing exclusive right to apply and to reapply any and all payments received at any time or times hereafter against the Indebtedness in such manner as Bank may deem advisable, notwithstanding any entry by Bank upon any of its books and records. Company expressly agrees that to the extent that Bank receives any payment or benefit and such payment or benefit, or any part thereof, is subsequently invalidated, declared to be fraudulent or preferential, set aside or is required to be repaid to a trustee, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or benefit, the Indebtedness or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or benefit had not been made and, further, any such repayment by Bank, to the extent that Bank did not directly receive a corresponding cash payment, shall be added to and be additional Indebtedness payable upon demand by Bank.

11.10 In the event Company's obligation to pay interest on the principal balance of the Note is or becomes in excess of the maximum interest rate which Company is permitted by law to contract or agree to pay, giving due consideration to the execution date of this Agreement, then, in that event, the rate of interest applicable shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of such maximum rate shall be deemed to have been payments in reduction of principal and not of interest.

11.11 COMPANY AND BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.

11.12 This Agreement may be terminated by Company at any time by giving Bank not less than five (5) Business Days advanced written notice so long as no Advances, Letters of Credit, unreimbursed drawings under Letters of Credit or other amounts owing from Company to Bank (including Letter of Credit commission amounts and unused fees) are outstanding at the

time written notice is given or become outstanding prior to the termination date. Upon the termination of this Agreement, payment by Company to Bank in full of all Indebtedness of Company to Bank and cancellation of all outstanding Letters of Credit, Bank will promptly upon the written request of Company deliver to Company at Company's cost and expense (a) proper instruments acknowledging the termination of this Agreement, the Security Agreement and any Guaranties (subject to any obligations of Company which expressly survive termination of such Loan Documents) and (b) the original Note marked "cancelled".

11.13 This Agreement shall become effective upon the execution hereof by Bank and Company.

WITNESS the due execution hereof as of the day and year first above written.

COMERICA BANK

AMERIGON INCORPORATED

By: /s/ Steve J. McCormack

By: /s/ Barry Steele

Barry Steele

Its: Vice President

Its: Chief Financial Officer

EXHIBIT "A"

REQUEST FOR ADVANCE

Pursuant to the Credit Agreement dated as of October 28, 2005, (herein called "Agreement"), the undersigned hereby requests COMERICA BANK to make a(an) _____¹ Advance to the undersigned on _____, _____, in the amount of _____ DOLLARS, (\$_____) under the Revolving Credit Note dated October 28, 2005, issued by the undersigned to said Bank (herein called "Note"). The Interest Period for the requested Advance, if applicable, shall be _____². The last day of the Interest Period for the amounts being converted or refunded hereunder, if applicable, is _____, _____.

The undersigned certifies that no event has occurred or condition exists which constitutes, or with the passage of time and/or giving of notice would constitute, a default under the Agreement or the Note, and none will exist upon the making of the Advance requested hereunder. The undersigned further certifies that upon advancing the sum requested hereunder, the aggregate principal amount outstanding under the Note will not exceed the face amount thereof or any advance formula applicable to Advances under such Note. If the amount advanced to the undersigned under the Note shall at any time exceed the face amount thereof or any Advance formula applicable to Advances under such Note, the undersigned will pay such excess amount on demand.

The undersigned hereby authorizes said Bank to disburse the proceeds of this Request for Advance by crediting the account of the undersigned with Bank separately designated by the undersigned or as the undersigned may otherwise direct, unless this Request for Advance is being submitted for a conversion or refunding, in which case it shall refund or convert that portion stated above of the existing outstandings under the Note.

Dated this _____ day of _____, _____.

AMERIGON INCORPORATED

By: _____

Its: _____

¹ Insert, as applicable, "Eurodollar-based", or "Prime-based".

² For a Eurodollar-based Advance insert, as applicable, "one month", "two months", "three months", " or "six months".

EXHIBIT "B"

REVOLVING CREDIT NOTE

Detroit, Michigan
October 28, 2005

\$10,000,000

On or before the Revolving Credit Maturity Date FOR VALUE RECEIVED, Amerigon Incorporated, a Michigan corporation, (herein called "Company") promises to pay to the order of COMERICA BANK, a Michigan banking corporation (herein called "Bank") at its Main Office at 500 Woodward Avenue, Detroit, Michigan, in lawful money of the United States of America the indebtedness or so much of the sum of Ten Million Dollars (\$10,000,000) as may from time to time have been advanced and then be outstanding hereunder pursuant to the Credit Agreement dated as of October 28, 2005, made by and between Company and Bank (as the same may be amended or modified from time to time, herein called "Agreement"), together with interest thereon as hereinafter set forth.

Each of the Advances hereunder shall bear interest at the Applicable Interest Rate from time to time applicable thereto under the Agreement or as otherwise determined thereunder, and interest shall be computed, assessed and payable as set forth in the Agreement.

This Note is a note under which advances, repayments and readvances may be made from time to time, subject to the terms and conditions of the Agreement. This Note evidences borrowing under, is subject to, is secured in accordance with, and may be matured under, the terms of the Agreement, to which reference is hereby made. As additional security for this Note, Company grants Bank a lien on all property and assets including deposits and other credits of the Company, at any time in possession or control of or owing by Bank for any purpose.

Company hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Note and agrees that no obligation hereunder shall be discharged by reason of any extension, indulgence, or forbearance granted by any holder of this Note to any party now or hereafter liable hereon. Any transferees of, or endorser, guarantor or surety paying this Note in full shall succeed to all rights of Bank, and Bank shall be under no further responsibility for the exercise thereof or the loan evidenced hereby. Nothing herein shall limit any right granted Bank by other instrument or by law.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

AMERIGON INCORPORATED

By: _____

Its: _____

SCHEDULE 1.1

<u>Level</u>	<u>Leverage Ratio</u>	<u>Eurodollar Margin</u>	<u>Unused Fee</u>	<u>Letter of Credit Commission Rate</u>
1	< 1.0 to 1.0	150 b.p.	12.5 b.p.	150 b.p.
2	³ 1.0 to 1.0 and < 2.0 to 1.0	200 b.p.	20 b.p.	200 b.p.
3	³ 2.0 to 1.0	250 b.p.	25 b.p.	250 b.p.

SCHEDULE 1.2

NHK Spring Company, Ltd. The foreign subsidiaries of Johnson Controls, Inc. and Lear Corporation listed below:

Lear Holdings, S.r.l. de C.V.

Lear Corporation Mexico, S.A. de C.V.

Lear Corporation, Ltd.

Lear Mexican Trim Operations. S. de R.L. de C.V.

Autoseat S.A. de C.V.

Controles Reynosa S.A. de C.V.

Enertco Mexico S. de R.L. de C.V.

Ensamble de Interiores Automotrices, S. de R.L. de C.V.

Johnson Controls de Mexico S.A. de C.V.

Sistemas Automotrice Summa S.A. de C.V.

SCHEDULE 6.5

ERISA PLANS

None.

SCHEDULE 6.8

SUBSIDIARIES

BSST, LLC

Amerigon Asia Pacific Inc.

SCHEDULE 8.4

PERMITTED INDEBTEDNESS

None.

SCHEDULE 8.6

INVESTMENTS

1. Investments by Company in BSST as of September 30, 2005 in the aggregate amount of \$3,479,677, consisting of loans in the amount of \$1,479,677 and an equity interest in the amount of \$2,000,000.
2. Additional investments in BSST LLC in an amount not exceeding \$2,000,000 per fiscal year. To the extent that the amount of investments permitted for any fiscal year (without regard to any carry-over from a prior year pursuant to this paragraph) is in excess of the actual amount of investments for such period, the amount of permitted investments during the immediately succeeding fiscal year only shall be increased by the amount of such excess.

SCHEDULE 8.7(c)

OTHER PERMITTED ENCUMBRANCES

None.

SCHEDULE 8.13

OTHER PERMITTED DEBT

None.

**GUARANTY OF BSST LLC IN FAVOR OF
COMERICA BANK DATED AS OF OCTOBER 28, 2005**

GUARANTY

The undersigned, BSST LLC (the "Guarantor"), for value received, unconditionally and absolutely guarantee(s) to Comerica Bank (Bank) a Michigan banking corporation, and to the Bank's successors and assigns, payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness to the Bank of Amerigon Incorporated ("Borrower) or any successor in interest, including without limit any debtor-in-possession or trustee in bankruptcy which succeeds to the interest of this party or person (jointly and severally the "Borrower" arising (a) under the Amended and Restated Credit Agreement dated as of October 28, 2005 between Borrower and Bank, as amended, modified or supplemented from time to time ("Credit Agreement"), (b) in connection with any accounts maintained by the Borrower with the Bank, or (c) in connection with interest rate protection agreements between the Borrower and the Bank (the "Indebtedness").

The Indebtedness guaranteed includes without limit: (a) any and all direct indebtedness of the Borrower to the Bank, including indebtedness evidenced by any and all promissory notes; (b) any and all obligations or liabilities of the Borrower to the Bank arising under any guaranty where the Borrower has guaranteed the payment of indebtedness owing to the Bank from a third party; (c) any and all obligations or liabilities of the Borrower to the Bank arising from applications or agreements for the issuance of letters of credit; (d) any and all obligations or liabilities of the Borrower to the Bank arising out of any other agreement by the Borrower including without limit any agreement to indemnify the Bank for environmental liability or to clean up hazardous waste; (e) any and all indebtedness, obligations or liabilities for which the Borrower would otherwise be liable to the Bank were it not for the invalidity, irregularity or unenforceability of them by reason of any bankruptcy, insolvency or other law or order of any kind, or for any other reason, including without limit liability for interest and attorneys' fees on, or in connection with, any of the indebtedness from and after the filing by or against the Borrower of a bankruptcy petition whether an involuntary or voluntary bankruptcy case, including, without limitation, all attorneys fees and costs incurred in connection with motions for relief from stay, cash collateral motions, nondischargeability motions, preference liability motions, fraudulent conveyance liability motions, fraudulent transfer liability motions and all other motions brought by Borrower, Guarantor, Bank or third parties in any way relating to Bank's rights with respect to such Borrower, Guarantor, or third party and/or affecting any collateral securing any obligation owed to Bank by Borrower, Guarantor, or any third party, probate proceedings, on appeal or otherwise; (f) any and all amendments, modifications, renewals and/or extensions of any of the above, including without limit amendments, modifications, renewals and/or extensions which are evidenced by new or additional instruments, documents or agreements; and (g) all costs of collecting indebtedness, including without limit reasonable attorneys' fees and costs.

The undersigned waive(s) notice of acceptance of this Guaranty and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any indebtedness, and diligence in collecting any indebtedness, and agree(s) that the Bank may modify the terms of any indebtedness, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any or all indebtedness, or permit the Borrower to incur additional indebtedness, all without notice to the undersigned and without affecting in any manner the unconditional obligation of the undersigned under this Guaranty. The undersigned further waive(s) any and all other notices to which the undersigned might otherwise be entitled. The undersigned acknowledge(s) and agree(s) that the liabilities created by this Guaranty are direct and are not conditioned upon pursuit by the Bank of any remedy the Bank may have against the Borrower or any other person or any security. No invalidity, irregularity or unenforceability of any part or all of the Indebtedness or any documents evidencing the same, by reason of any bankruptcy, insolvency or other law or order of any kind or for any other reason, and no defense or setoff available at any time to the Borrower, shall impair, affect or be a defense or setoff to the obligations of the undersigned under this Guaranty.

The undersigned deliver(s) this Guaranty based solely on the undersigned's independent investigation of the financial condition of the Borrower and is (are) not relying on any information furnished by the Bank. The undersigned assume(s) full responsibility for obtaining any further information concerning the Borrower's financial condition, the status of the Indebtedness or any other matter which the undersigned may deem necessary or appropriate from time to time. The undersigned waive(s) any duty on the part of the Bank, and agree(s) that it is not relying upon nor expecting the Bank to disclose to the undersigned any fact now or later known by the Bank, whether relating to the operations or condition of the Borrower, the existence, liabilities or financial condition of any co-guarantor of the Indebtedness, the occurrence of any default with respect to the Indebtedness, or otherwise, notwithstanding any effect these facts may have upon the undersigned's risk under this Guaranty or the undersigned's rights against the Borrower. The undersigned knowingly accept(s) the full range of risk encompassed in this Guaranty, which risk includes without limit the possibility that the Borrower may incur Indebtedness to the Bank after the financial condition of the Borrower, or its ability to pay its debts as they mature, has deteriorated.

The undersigned represent(s) and warrant(s) that: (a) the Bank has made no representation to the undersigned as to the creditworthiness of the Borrower; and (b) the undersigned has (have) established adequate means of obtaining from the Borrower on a continuing basis financial and other information pertaining to the Borrower's financial condition. The undersigned agree(s) to keep adequately informed of any facts, events or circumstances which might in any way affect the risks of the undersigned under this Guaranty .

The undersigned grant(s) to the Bank a security interest in and the right of setoff as to any and all property of the undersigned now or later in the possession of the Bank. The undersigned subordinate(s) any claim of any nature that the undersigned now or later has (have) against the Borrower to and in favor of all Indebtedness.

The undersigned agree(s) that no security now or later held by the Bank for the payment of any Indebtedness, whether from the Borrower, any guarantor, or otherwise, and whether in the nature of a security interest, pledge, lien, assignment, setoff, suretyship, guaranty, indemnity insurance or otherwise, shall affect in any manner the unconditional obligation of the undersigned under this Guaranty, and the Bank, in its sole discretion, without notice to the undersigned, may release, exchange, enforce and otherwise deal with any security without affection in any manner the unconditional obligation of the undersigned under this Guaranty. The undersigned acknowledges(s) and agree(s) that the Bank has no obligation to acquire or perfect any lien on or security interest in any asset(s) whether realty or personalty, to secure payment of the indebtedness, and the undersigned is (are) not relying upon any asset(s) in which the Bank has or may have a lien or security interest for payment of the Indebtedness.

The undersigned acknowledge(s) that the effectiveness of this Guaranty is not conditioned on any or all of the Indebtedness being guaranteed by anyone else.

Until the Indebtedness is irrevocably paid in full, the undersigned waive(s) any and all rights to be subrogated to the position of the Bank or to have the benefit of any lien, security interest or other guaranty now or later held by the Bank for the Indebtedness or to enforce any remedy which the Bank now or later has against the Borrower or any other person. Until the Indebtedness is irrevocably paid in full, the undersigned shall have no right of reimbursement indemnity, contribution or other right of recourse to or with respect to the Borrower or any other person. The undersigned agree(s) to indemnify and hold harmless the Bank from and against any and all claims, actions, damages, costs and expenses, including without limit reasonable attorneys' fees, incurred by the Bank in connection with the undersigned's exercise of any right of subrogation, contribution, indemnification or recourse with respect to this Guaranty. The Bank has no duty to enforce or protect any rights which the undersigned may have against the Borrower or any other person and the undersigned assume(s) full responsibility for enforcing and protecting these rights.

Notwithstanding any provision of the preceding paragraph or anything else in this Guaranty to the contrary, if any of the undersigned is or becomes an "Insider" or "affiliate" (as defined in Section 101 Or the Federal Bankruptcy Code, as it may be amended) with respect to the Borrower, then that undersigned irrevocably and absolutely waives any and all rights of subrogation, contribution, indemnification, recourse, reimbursement and any similar rights against the Borrower (or any other guarantor) with respect to this Guaranty, whether such rights arise under an express or implied contract or by operation of law. It is the intention of the parties that the undersigned shall not be (or be deemed to be) a "Creditor" (as defined in Section 101 of the Federal Bankruptcy Code, as it may be amended) of the Borrower (or any other guarantor) by reason of the existence of this Guaranty in the event that the Borrower becomes a debtor in any proceeding under the Federal Bankruptcy Code. This waiver is given to induce the Bank to enter into certain written contracts with the Borrower included in the Indebtedness. The undersigned warrant(s) and agree(s) that none of Bank's rights, remedies or interests shall be directly or indirectly impaired because of any of the undersigned's status as an "insider" or affiliate of the Borrower, and undersigned shall take any action, and shall execute any document, which the Bank may request in order to effectuate this warranty to the Bank.

If any Indebtedness is guaranteed by two or more guarantors, the obligation of the undersigned shall be several and also joint, each with all and also each with any one or more of the others, and may be enforced at the option of the Bank against each severally, any two or more jointly, or some severally and some jointly. The Bank, in its sole discretion, may release any one or more of the guarantors for any consideration which it deems adequate, and may fail or elect not to prove a claim against the estate of any bankrupt, insolvent, incompetent or deceased guarantor; and after that, without notice to any other guarantor, the Bank may extend or renew any or all Indebtedness and may permit the Borrower to incur additional Indebtedness, without affecting in any manner the unconditional obligation of the remaining guarantor(s). This action by the Bank shall not, however, be deemed to affect any right to contribution which may exist among the guarantors.

Any of the undersigned may terminate their obligation under this Guaranty as to future indebtedness (except as provided below) by (and only by) delivering written notice of termination to an officer of the Bank and receiving from an officer of the Bank written acknowledgment of delivery; provided, the termination shall not be effective until the opening of business on the fifth (5th) day following written acknowledgment of delivery. Any termination shall not affect in any way the unconditional obligations of the remaining guarantor(s), whether or not the termination is known to the remaining guarantor(s). Any termination shall not affect in any way the unconditional obligations of the terminating guarantor(s) as to any indebtedness existing at the effective date of termination or any indebtedness created after that pursuant to any commitment or agreement of the Bank or any Borrower loan with the Bank existing at the effective date of termination (whether advances or readvances by the Bank are optional or obligatory), or any modifications, extensions or renewals of any of this Indebtedness, whether in whole or in part, and as to all of this Indebtedness and modifications, extensions or renewals of it, this Guaranty shall continue effective until the same shall have been fully paid. The Bank has no duty to give notice of termination by any guarantor(s) to any remaining guarantor(s). The undersigned shall indemnify the Bank against all claims, damages, costs and expenses, including without limit reasonable attorneys' fees and costs, incurred by the Bank in connection with any suit, claim or action against the Bank arising out of any modification or termination of a Borrower loan or any refusal by the Bank to extend additional credit in connection with the termination of this Guaranty.

Notwithstanding any prior revocation, termination, surrender or discharge of this Guaranty (or of any lien, pledge or security interest securing this Guaranty) in whole or part, the effectiveness of this Guaranty, and of all liens, pledges and security interests securing this Guaranty, shall automatically continue or be reinstated, as the case may be, in the event that (a) any payment received or credit given by the Bank in respect of the Indebtedness is returned, disgorged or rescinded as a preference, impermissible setoff, fraudulent conveyance, diversion of trust funds, or otherwise under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case this Guaranty, and all liens, pledges and security interests securing this Guaranty, shall be enforceable against the undersigned as if the returned, disgorged or rescinded payment or credit had not been received or given by the Bank, and whether or not the Bank relied upon this payment or credit or changed its position as a consequence of it; or (b) any liability is imposed, or sought to be imposed, against the Bank relating to the environmental condition of, or the presence of hazardous or toxic substances on, in or about, any property given as collateral to the Bank by the Borrower, whether

this condition is known or unknown, now exists or subsequently arises (excluding only conditions which arise after any acquisition by the Bank of any such property, by foreclosure, in lieu of foreclosure or otherwise, to the extent due to the wrongful act or omission of the Bank), in which case this Guaranty, and all liens, pledges and security interests securing this Guaranty, shall be enforceable against the undersigned to the extent of all liabilities, costs and expenses (including without limit reasonable attorneys' fees and costs), incurred by the Bank as the direct or indirect result of any environmental condition or hazardous or toxic substances. In the event of continuation or reinstatement of this Guaranty and the liens, pledges and security interests securing it, the undersigned agree(s) upon demand by the Bank to execute and deliver to the Bank those documents which the Bank determines are appropriate to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of the undersigned to do so shall not affect in any way the reinstatement or continuation. If the undersigned do(es) not execute and deliver to the Bank upon demand such documents, the Bank and each Bank officer is irrevocably appointed (which appointment is coupled with an interest) the true and lawful attorney of the undersigned (with full power of substitution) to execute and deliver such documents in the name and on behalf of the undersigned. For purposes of this Guaranty, "Environmental condition" includes, without limitation, conditions existing with respect to the surface or ground water, drinking water supply, land surface or subsurface and the air; and "hazardous or toxic substances" shall include any and all substances now or subsequently determined by any federal, state or local authority to be hazardous or toxic, or otherwise regulated by any of these authorities.

Although the intent of the undersigned and the Bank is that Michigan law shall apply to this Guaranty, regardless of whether Michigan law applies, the undersigned further agree(s) as follows: With respect to the limitation, if any, stated in the Additional Provisions (as defined below) on the amount of principal guaranteed under this Guaranty, the undersigned agree(s) that (a) this limitation shall not be a limitation on the amount of Borrower's Indebtedness to the Bank; (b) any payments by the undersigned shall not reduce the maximum liability of the undersigned under this Guaranty unless written notice to that effect is actually received by the Bank at or prior to the time of the payment; and (c) the liability of the undersigned to the Bank shall at all times be deemed to be the aggregate liability of the undersigned under this Guaranty and any other guaranties previously or subsequently given to the Bank by the undersigned and not expressly revoked, modified or invalidated in writing.

The undersigned waive(s) any right to require the Bank to: (a) proceed against any person, including without limit the Borrower; (b) proceed against or exhaust any security held from the Borrower or any other person; (c) give notice of the terms, time and place of any public or private sale of personal property security held from the Borrower or any other person, or otherwise comply with the provisions of Section 9-504 of the Michigan or other applicable Uniform Commercial Code; (d) pursue any other remedy in the Bank's power; or (e) make any presentments or demands for performance, or give any notices of nonperformance, protests, notices of protest, or notices of dishonor in connection with any obligations or evidences of Indebtedness held by the Bank as security, in connection with any other obligations or evidences of Indebtedness which constitute in whole or in part Indebtedness, or in connection with the creation of new or additional Indebtedness.

The undersigned authorize(s) the Bank, either before or after termination of this Guaranty, without notice to or demand on the undersigned and without affecting the undersigned's liability under this Guaranty, from time to time to: (a) apply any security and direct the order or manner of sale of it, including without limit, a nonjudicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as the Bank in its discretion may determine; (b) release or substitute any one or more of the endorser or any other guarantors of the Indebtedness; and (c) apply payments received by the Bank from the Borrower to any Indebtedness of the Borrower to the Bank, in such order as the Bank shall determine in its sole discretion, whether or not this Indebtedness is covered by this Guaranty, and the undersigned waive(s) any provision of law regarding application of payments which specifies otherwise. The Bank may without notice assign this Guaranty in whole or in part. Upon the Bank's request, the undersigned agree(s) to provide to the Bank copies of the undersigned's financial statements.

The undersigned waives any defense based upon or arising by reason of (a) any disability or other defense of the Borrower or any other person; (b) the cessation or limitation from any cause whatsoever, other than final and irrevocable payment in full, of the Indebtedness; (c) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of the Borrowers or either of them which is a corporation, partnership, limited liability company or other type of entity, or any defect in the formation of the Borrowers or either of them; (d) the application by the Borrowers or either of them of the proceeds of any Indebtedness for purposes other than the purposes represented by the Borrowers or either of them to the Bank or intended or understood by the Bank or the undersigned; (e) any act or omission by the Bank which directly or indirectly results in or aids the discharge of the Borrowers or either of them or any Indebtedness by operation of law or otherwise; or (f) any modification of the Indebtedness, in any form whatsoever including without limit any modification made after effective termination, and including without limit, the renewal, extension acceleration or other change in time for payment of the Indebtedness, or other change in the terms of any Indebtedness, including without limit increase or decrease of the interest rate. The undersigned understands that, absent this waiver, Bank's election of remedies, including but not limited to its decision to proceed to nonjudicial foreclosure on any real property securing the Indebtedness, could preclude Bank from obtaining a deficiency judgment against Borrower and the undersigned pursuant to California Code of Civil Procedure sections 580a, 580b, 580d of 726 and could also destroy any subrogation rights which the undersigned has against Borrower. The undersigned further understands that absent this waiver, California law, including without limitation, California Code of Civil Procedure sections 580a, 580b, 580d or 726, could afford the undersigned one or more affirmative defenses to any action maintained by Bank against the undersigned on this Guaranty.

The undersigned waives any and all rights and provisions of California Code of Civil Procedure section 580a, 580b, 580d and 726, including, but not limited to any provision thereof that: (i) may limit the time period for Bank to commence a lawsuit against Borrower or the undersigned to collect any Indebtedness owing by Borrower or the undersigned to Bank; (ii) may entitle Borrower or the undersigned to a judicial or nonjudicial determination of any deficiency owed by Borrower or the undersigned to Bank, or to otherwise limit Bank's right to collect a deficiency based on the fair market value of such real property security; (iii) may limit Bank's right to collect a deficiency judgment after a sale of any real property securing the Indebtedness; and (iv) may require Bank to take only one action to collect the indebtedness or that may otherwise limit the remedies available to Bank to collect the Indebtedness.

The undersigned waives all rights and defenses arising out of an election of remedies by Bank even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the undersigned's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise.

The undersigned acknowledges and agrees that this is knowing and informed waiver of the undersigned's rights as discussed above and that Bank is relying on this waiver in extending credit to Borrower.

The undersigned acknowledge(s) that the Bank has the right to sell, assign, transfer, negotiate, or grant participation in all or any part of the Indebtedness and any related obligations, including without limit this Guaranty. In connection with that right, the Bank may disclose any documents and information which the Bank now or later acquires relating to the undersigned and this Guaranty, whether furnished by the Borrower, the undersigned or otherwise. The undersigned further agree(s) that the Bank may disclose these documents and information to the Borrower. The undersigned agree(s) that the Bank may provide information relating to this Guaranty or to the undersigned to the Bank's parent, affiliates, subsidiaries and service providers.

The total obligation under this Guaranty shall be limited to the Indebtedness and as set forth in the Additional Provisions of this Guaranty, and this obligation (whether unlimited or limited to the extent indicated in the Additional Provisions) shall include, IN ADDITION TO any limited amount of principal guaranteed, any and all interest on all Indebtedness and any and all costs and expenses of any kind, including without limit reasonable attorneys' fees and costs, incurred by the Bank at any time(s) for any reason in enforcing any of the duties and obligations of the undersigned under this Guaranty or otherwise incurred by the Bank in any way connected with this Guaranty, the indebtedness or any other guaranty of the indebtedness (including without limit reasonable attorneys' fees and other expenses incurred in any suit involving the conduct of the Bank, the Borrower or the undersigned). All of these costs and expenses shall be payable immediately by the undersigned when incurred by the Bank, without demand, and until paid shall bear interest at the highest per annum rate applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. Any reference in this Guaranty to attorneys' fees shall be deemed a reference to fees, charges, costs and expenses of both in-house and outside counsel and paralegals, whether or not a suit or action is instituted, and to court costs if a suit or action is instituted, and whether attorneys' fees or court costs are incurred at the trial court level, on appeal, in a bankruptcy, administrative or probate proceeding or otherwise. Any reference in the Additional Provisions or elsewhere (a) to this Guaranty being secured by certain collateral shall NOT be deemed to limit the total obligation of the undersigned under this Guaranty or (b) to this Guaranty being limited in any respect shall NOT be deemed to limit the total obligation of the undersigned under any prior or subsequent guaranty given by the undersigned to the Bank.

The undersigned unconditionally and irrevocably waive(s) each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of the undersigned under this Guaranty, and acknowledge(s) that each such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from the undersigned now or later securing this Guaranty and/or the Indebtedness, and acknowledge(s) that as of the date of this Guaranty no such defense or setoff exists. The undersigned acknowledge(s) that the effectiveness of this Guaranty is subject to no conditions of any kind.

This Guaranty shall remain effective with respect to successive amendments or modifications or supplements of the Credit Agreement or any other documents evidencing the Indebtedness which shall either continue the Indebtedness, increase or decrease it, or from time to time create new Indebtedness after all or any prior indebtedness has been satisfied, until this Guaranty is terminated in the manner and to the extent provided above.

The undersigned warrant(s) and agree(s) that each of the waivers set forth above are made with the undersigned's full knowledge of their significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law if any of these waivers are determined to be contrary to any applicable law or public policy, these waivers shall be effective only to the extent permitted by law.

This Guaranty constitutes the entire agreement of the undersigned and the Bank with respect to the subject matter of this Guaranty. No waiver, consent, modification or change of the terms of this Guaranty shall bind any of the undersigned or the Bank unless in writing and signed by the waiving party or an authorized officer of the waiving party, and then this waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. This Guaranty shall inure to the benefit of the Bank and its successors and assigns. This Guaranty shall be binding on the undersigned and the undersigned's heirs, legal representatives, successors and assigns including, without limit, any debtor in possession or trustee in bankruptcy for any of the undersigned. The undersigned has (have) knowingly and voluntarily entered into this Guaranty in good faith for the purpose of inducing the Bank to extend credit or make other financial accommodations to the Borrower, and the undersigned acknowledge(s) that the terms of this Guaranty are reasonable. If any provision of this Guaranty is unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN.

Additional Provisions (If any): This Guaranty amends and restates in its entirety the Guaranty dated November 14, 2002 by undersigned in favor of Bank.

THE UNDERSIGNED AND BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED, EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR THE INDEBTEDNESS.

IN WITNESS WHEREOF, the undersigned has (have) signed this Guaranty on October 28, 2005.

GUARANTOR(S) BSST LLC

Witness:

/s/ A.Evangelista

By: /s/ Sandra L. Grouf

/s/ Arlene Harris

Signature of

Its: Chief Financial Officer

GUARANTOR'S ADDRESS

1648 Rutgers Ct.

Street Address

Claremont CA 91711

City State Zip Code

STATE OF Nevada)
COUNTY OF Clark)

Acknowledged this 26 day of October, 2005, by Sandra Grouf, the CFO of BSST LLC, a Delaware limited liability company, on behalf of the company.

Notary Public

County,

My Commission Expires:

Notary Public – State of Nevada

County of Clark

ARLENE HARRIS

My Appointment Expires

August 24, 2009

No: 05-99827-1

**SECURITY AGREEMENT (ALL ASSETS) BY AMERIGON INCORPORATED
IN FAVOR OF COMERICA BANK DATED AS OF MAY 20, 2005**

**Security Agreement (“Agreement”)
(All Assets)**

As of May 20, 2005, for value received, the undersigned, Amerigon Incorporated, a Michigan corporation, successor by reason of merger with Amerigon Incorporated, a California corporation (“Debtor or “Borrower”), grants to Comerica Bank, a Michigan banking corporation (“Bank”), whose address is 39200 Six Mile Road, Livonia, Michigan 48152, Attention: Commercial Loan Documentation, Mail Code 7578, a continuing security interest and lien (any pledge, assignment, security interest or other lien arising hereunder is sometimes referred to herein as a ‘security interest’) in the Borrower Collateral (as defined below) to secure payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness (“Indebtedness”) to the Bank of Borrower. Indebtedness includes without limit any and all obligations or liabilities of the Borrower to the Bank, whether absolute or contingent, direct or indirect, voluntary or involuntary, liquidated or unliquidated, joint or several, known or unknown; any and all obligations or liabilities for which the Borrower would otherwise be liable to the Bank were it not for the invalidity or unenforceability of them by reason of any bankruptcy, insolvency or other law, or for any other reason to the extent permitted by applicable law; any and all amendments, modifications, renewals and/or extensions of any of the above; all costs incurred by Bank in establishing, determining, continuing, or defending the validity or priority of its security interest, or in pursuing its rights and remedies under this Agreement or under any other agreement between Bank and Borrower or in connection with any proceeding involving Bank as a result of any financial accommodation to Borrower, and all other costs of collecting Indebtedness, including without limit attorney fees. Debtor agrees to pay Bank all such costs incurred by the Bank, immediately upon demand, and until paid all costs shall bear interest at the highest per annum rate applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. Any reference in this Agreement to attorney fees shall be deemed a reference to reasonable fees, costs, and expenses of both in-house and outside counsel and paralegals, whether or not a suit or action is instituted, and to court costs if a suit or action is instituted, and whether attorney fees or court costs are incurred at the trial court level, on appeal, in a bankruptcy, administrative or probate proceeding or otherwise. References herein to the Credit Agreement are to the Credit Agreement dated as of ‘November 14, 2002 between Debtor (as successor to Amerigon Incorporated, a California corporation) and Bank, as amended, modified or supplemented from time to time. Debtor further covenants, agrees and represents as follows:

1. Borrower Collateral shall mean all of the following property Debtor now or later owns or has an interest in, wherever located:

- (a) all Accounts Receivable (for purposes of this Agreement, “Accounts Receivable” consists of all accounts; general intangibles; chattel paper (including without limit electronic chattel paper and tangible chattel paper); contract rights; deposit accounts; documents; instruments; rights to payment evidenced by chattel paper, documents or instruments; health care insurance receivables; commercial tort claims; letters of credit; letter of credit rights; supporting obligations; and rights to payment for money or funds advanced or sold),
- (b) all Inventory,
- (c) all Equipment and Fixtures,
- (d) all Software (for purposes of this Agreement, “Software” consists of all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated

with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded),

(e) specific items listed below and/or on attached Schedule A, if any, is/are , also included in Borrower Collateral:

- (f) all goods, instruments, documents, policies and certificates of insurance, deposits, money, investment property or other property (except real property which is not a fixture) which are now or later in possession or control of Bank, or as to which Bank now or later controls possession by documents or otherwise, and
- (g) all additions, attachments, accessions, parts, replacements, substitutions, renewals, interest, dividends, distributions, rights of any kind (including but not limited to stock splits, stock rights, voting and preferential rights), products, and proceeds of or pertaining to the above including, without limit, cash or other property which were proceeds and are recovered by a bankruptcy trustee or otherwise as a preferential transfer by Debtor.
- (h) the Borrower Patent and Trademark Collateral (as defined in the Patent and Trademark Security Agreement, dated as of May 20, 2005, between Debtor and Bank).

In the definition of Borrower Collateral, a reference to a type of collateral shall not be limited by a separate reference to a more specific or narrower type of that collateral.

Notwithstanding anything herein to the contrary, "Borrower Collateral" shall not include any general intangible that is the subject of a written agreement which specifically prohibits assignment thereof or grant of a security interest therein but only to the extent of such prohibition, and only to the extent that the terms and provisions of such written agreement, document or instrument creating or evidencing such property or' any rights relating thereto expressly prohibit the granting of a security interest therein or condition the granting of a security interest therein on the consent of a third party whose consent has not been obtained or would cause, or allow a third party to cause, forfeiture of such property upon the granting of a security interest therein or a breach under any written agreement relating thereto; provided, however, that immediately upon the ineffectiveness, lapse or termination of such provision, the Borrower Collateral shall include, and Debtor shall be deemed to have granted a security interest in, all such general intangibles as if such term had never been In effect.

2. Warranties, Covenants and Agreements. Debtor warrants, covenants and agrees as follows:

- 2.1 Debtor shall furnish to Bank, in form and at intervals as Bank may request, any information Bank may reasonably request and allow Bank to examine, inspect, and copy any of Debtor's books and records. Debtor shall, at the request of Bank, mark its records and the Borrower Collateral to clearly indicate the security interest of Bank under this Agreement.
- 2.2 At the time any Borrower Collateral becomes, or is represented to be, subject to a security interest in favor of Bank, Debtor shall be deemed to have warranted that, except as expressly provided in the Credit Agreement (a) Debtor is the lawful owner of the Borrower Collateral and has the right and authority to subject it to a security interest granted to Bank; (b) none of the Borrower Collateral is subject to any security interest other than that in

favor of Bank and Permitted Liens (as defined in the Credit Agreement); (c) there are no financing statements on file, other than in favor of Bank and Permitted Liens; (d) no person, other than Bank, has possession or control (as defined in the Uniform Commercial Code) of any Borrower Collateral of such nature that perfection of a security interest may be accomplished by control; and (e) Debtor acquired its rights in the Borrower Collateral in the ordinary course of its business.

- 2.3 Debtor will keep the Borrower Collateral free at all times from all claims, liens, security interests and encumbrances other than those in favor of Bank and Permitted Liens. Debtor will not, without the prior written consent of Bank, sell, transfer or lease, or permit to be sold, transferred or leased, any or all of the Borrower Collateral, except for Inventory in the ordinary course of its business or as otherwise expressly permitted by the Credit Agreement. Bank or its representatives may at all reasonable times inspect the Borrower Collateral and may enter upon all premises where the Borrower Collateral is kept or might be located.
- 2.4 Debtor will do all acts and will execute or cause to be executed all writings requested by Bank to establish, maintain and continue an exclusive, perfected and first security interest of Bank in the Borrower Collateral, subject only to Permitted Liens. Debtor agrees that Bank has no obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Indebtedness.
- 2.5 Debtor will pay within the time that they can be paid without interest or penalty all taxes, assessments and similar charges which at any time are or may become a lien, charge, or encumbrance upon any Borrower Collateral, except to the extent contested in good faith and bonded in a manner satisfactory to Bank. If Debtor fails to pay any of these taxes, assessments, or other charges in the time provided above, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest lawful default rate which could be charged by Bank on any Indebtedness.
- 2.6 Debtor will keep the Borrower Collateral in good condition and will protect it from loss, damage, or deterioration from any cause in all material respects. Debtor has and will maintain at all times (a) with respect to the Borrower Collateral, insurance under an "all risk" policy against fire and other risks customarily insured against, and (b) public liability insurance and other insurance as may be required by law or reasonably required by Bank, all of which insurance shall be in amount, form and content, and written by companies as may be satisfactory to Bank, containing a lender's loss payable endorsement acceptable to Bank. Debtor will deliver to Bank immediately upon demand evidence satisfactory, to Bank that the required insurance has been procured. If Debtor fails to maintain satisfactory insurance, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest lawful default rate which could be charged by Bank on any Indebtedness.
- 2.7 On each occasion on which Debtor evidences to Bank the account balances on and the nature and extent of the Accounts Receivable, Debtor shall be deemed to have warranted that except as otherwise indicated (a) each of those Accounts Receivable is valid and enforceable without performance by Debtor Of any act; (b) each of those account balances are in fact owing, (c) there are no setoffs, recoupments, credits, contra accounts, counterclaims or defenses asserted against any of those Accounts Receivable, (d) as to any Accounts Receivable represented by a note, trade acceptance, draft or other instrument or by any chattel paper or document, the same have been endorsed and/or delivered by Debtor to Bank, (e) Debtor has not received with respect to any Account Receivable, any notice of the death of the related account debtor, nor of the dissolution, liquidation, termination of existence, insolvency, business failure, appointment of a receiver for, assignment for the benefit of creditors by, or filing of a petition in bankruptcy by or against, the account debtor, and (f) as to each Account Receivable, except as has been disclosed to Bank, the account debtor is not an affiliate of Debtor, the United States of America or any department, agency or instrumentality of it, or a citizen or resident of any jurisdiction outside of the United

States. Debtor will do all acts and will execute all writings reasonably requested by Bank to perform, enforce performance of, and collect all Accounts Receivable. Debtor shall neither make nor permit any material modification, compromise or substitution for any Account Receivable without the prior written consent of Bank. Debtor shall, at Bank's request, arrange for verification of Accounts Receivable directly with account debtors or by other methods acceptable to Bank.

- 2.8 Debtor at all times shall be in compliance in all material respects with all applicable laws, including without limit any laws, ordinances, directives, orders, statutes, or regulations an object of which is to regulate or improve health, safety, or the environment ("Environmental Laws"), in all material respects.
- 2.9 If Bank, acting in its sole discretion, redelivers Borrower Collateral to Debtor or Debtor's designee for the purpose of (a) the ultimate sale or exchange thereof; or (b) presentation, collection, renewal, or registration of transfer thereof; or (c) loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with it preliminary to sale or exchange; such redelivery shall be in trust for the benefit of Bank and shall not constitute a release of Bank's security interest in it or in the proceeds or products of it unless Bank specifically so agrees in writing. If Debtor requests any such redelivery, Debtor will deliver with such request if requested by Bank a duly executed financing statement in form and substance satisfactory to Bank. Any proceeds of Borrower Collateral coming into Debtor's possession as a result of any such redelivery shall be held in trust for Bank and immediately delivered to Bank for application on the Indebtedness. Bank may (in its sole discretion) deliver any or all of the Borrower Collateral to Debtor, and such delivery by Bank shall discharge Bank from all liability or responsibility for such Borrower Collateral. Bank, at its option, may require delivery of any Borrower Collateral to Bank at any time with such endorsements or assignments of the Borrower Collateral as Bank may request.
- 2.10 At any time and without notice after the occurrence and during the continuance of an Event of Default, Bank may (a) cause any or all of the Borrower Collateral to be transferred to its name or to the name of its nominees; (b) receive or collect by legal proceedings or otherwise all dividends, interest, principal payments and other sums and all other distributions at any time payable or receivable on account of the Borrower Collateral, and hold the same as Borrower Collateral, or apply the same to the Indebtedness, the manner and distribution of the application to be in the sole discretion of Bank; and (c) enter into any extension, subordination, reorganization, deposit, merger or consolidation agreement or any other agreement relating to or affecting the Borrower Collateral, and deposit or surrender control of the Borrower Collateral, and accept other property in exchange for the Borrower Collateral and hold or apply the property or money so received pursuant to this Agreement. In addition, at any time and without notice, Bank may take such actions in its own name or in Debtor's name as Bank, in its sole discretion, deems necessary or appropriate to establish exclusive control (as defined in the Uniform Commercial Code) over any Borrower Collateral of such nature that perfection of Bank's security interest may be accomplished by control.
- 2.11 Bank may assign any of the Indebtedness and deliver any or all of the Borrower Collateral to its assignee, who then shall have with respect to Borrower Collateral so delivered all the rights and powers of Bank under this Agreement, and after that Bank shall be fully discharged from all liability and responsibility with respect to Borrower Collateral so delivered.
- 2.12 Debtor delivers this Agreement based solely on Debtor's independent investigation of (or decision not to investigate) the financial condition of Borrower and is not relying on any information furnished by Bank. Debtor assumes full responsibility for obtaining any further information concerning the Borrower's financial condition, the status of the Indebtedness or any other matter which the undersigned may deem necessary or appropriate now or later. Debtor waives any duty on the part of Bank, and agrees that Debtor is not relying upon nor expecting Bank to disclose to Debtor any fact now or later known by Bank, whether relating to the operations or condition of

Borrower, the existence, liabilities or financial condition of any guarantor of the Indebtedness, the occurrence of any default with respect to the Indebtedness, or otherwise, notwithstanding any effect such fact may have upon Debtor's risk or Debtor's rights against Borrower. Debtor knowingly accepts the full range of risk encompassed in this Agreement, which risk includes without limit the possibility that Borrower may incur Indebtedness to Bank after the financial condition of Borrower, or Borrower's ability to pay debts as they mature, has deteriorated.

- 2.13 Debtor shall defend, indemnify and hold harmless Bank, its employees, agents, shareholders, affiliates, officers, and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind, including without limit consultant fees, legal expenses, and, attorney fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any law that is or may be applicable to Debtor, including, without limit, Environmental Laws, or of any remediation relating to any property required by any law, including without limit Environmental Laws.

3. Collection of Proceeds.

- 3.1 Debtor agrees to collect and enforce payment of all Borrower Collateral until Bank shall direct Debtor to the contrary. Immediately upon notice to Debtor by Bank after the occurrence and during the continuance of an Event of Default (as defined in Section 4.1 hereof) and at all times after that, Debtor agrees to fully and promptly cooperate and assist Bank in the collection and enforcement of all Borrower Collateral and to hold in trust for Bank all payments received in connection with Borrower Collateral and from the sale, lease or other disposition of any Borrower Collateral, all rights by way of suretyship or guaranty and all rights in the nature of a lien or security interest which Debtor now or later has regarding Borrower Collateral. Immediately upon and after such notice, Debtor agrees to (a) endorse to Bank and immediately deliver to Bank all payments received on Borrower Collateral or from the sale, lease or other disposition of any Borrower Collateral or arising from any other rights or interests of Debtor in the Borrower Collateral, in the form received by Debtor without commingling with any other funds, and (b) immediately deliver to Bank all property in Debtors possession or later coming into Debtor's possession through enforcement of Debtor's rights or interests in the Borrower Collateral. Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment for any Borrower Collateral, and to do any and all things necessary in order to reduce these items to money. Bank shall have no duty as to the collection or protection of Borrower Collateral or the proceeds of it, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Borrower Collateral in the possession of Bank. Debtor agrees to take all steps necessary to preserve rights against prior parties With respect to the Borrower Collateral. Nothing in this Section 3.1 shall be deemed a consent by Bank to any sale, lease or other disposition of any Borrower Collateral.
- 3.2 Debtor agrees that immediately upon Bank's request (whether or not any Event of Default exists) the Indebtedness shall be on a "remittance basis" as follows: Debtor shall at its sole expense establish and maintain (and Bank, at Bank's option may establish and maintain at Debtor's expense): (a) an United States Post Office lock box (the "Lock Box"), to which Bank shall have exclusive access and control. Debtor expressly authorizes Bank, from time to time, to remove contents from the Lock Box, for disposition in accordance with this Agreement. Debtor agrees to notify all account debtors and other parties obligated to Debtor that all payments made to Debtor (other than payments by electronic funds transfer) shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices; and (b) a non-interest bearing deposit account with Bank which shall be titled as designated by Bank (the "Cash Collateral Account") to which Bank shall have exclusive access and control. Debtor agrees to notify all account debtors and other parties obligated to Debtor that all payments made to Debtor by electronic funds transfer shall be remitted to the Cash Collateral Account, and Debtor, at Bank's request, shall include a like statement on all invoices. Debtor shall execute all documents and authorizations as required by Bank to establish and maintain the Lock Box and the Cash Collateral Account.

3.3 All items or amounts which are remitted to the Lock Box, to the Cash Collateral Account, or otherwise delivered by or for the benefit of Debtor to Bank on account of partial or full payment of, or with respect to, any Borrower Collateral shall, at Bank's option, (a) be applied to the payment of the Indebtedness, whether then due or not, in such order or at such time of application as Bank may determine in its sole discretion, or, (b) be deposited to the Cash Collateral Account; provided, however, unless an Event of Default has occurred and is continuing, such items and amounts shall be applied as specified in clause (a) above. Debtor agrees that Bank shall not be liable for any loss or damage which Debtor may suffer as a result of Bank's processing of items or its exercise of any other rights or remedies under this Agreement, including without limitation indirect, special or consequential damages, loss of revenues or profits, or any claim, demand or action by any third party arising out of or in connection with the processing of items or the exercise of any other rights or remedies under this Agreement. Debtor agrees to indemnify and hold Bank harmless from and against all such third party claims, demands or actions, and all related expenses or liabilities, including, without limitation, attorney fees.

4. Defaults, Enforcement and Application of Proceeds.

- 4.1 Upon the occurrence and during the continuance of any of the following events (each an "Event of Default"), Debtor shall be in default under this Agreement:
- a. Any failure to pay the Indebtedness or any other indebtedness when due, or such portion of it as may be due, by acceleration or otherwise and continuance thereof beyond any applicable period of cure; or
 - b. Any failure or neglect to comply with, or breach of or default under, any term of this Agreement and continuance thereof for fifteen (15) days after notice thereof by Bank to Debtor (provided that such notice and cure provisions shall not apply to defaults under Sections 2.3 or 2.6), or any other agreement or commitment between Borrower, or any guarantor of any of the Indebtedness ("Guarantor") and Bank and continuance thereof beyond any applicable period of cure; or
 - c. Any warranty, representation, financial statement, or other information made, given or furnished to Bank by or on behalf of Borrower, or any Guarantor shall be, or shall prove to have been, false or materially misleading when made, given, or furnished in any material respect; or
 - d. Any loss, theft, substantial damage or destruction to or of any Borrower Collateral in any material respect, or the issuance or filing of any attachment, levy, garnishment or the commencement of any proceeding in connection with any Borrower Collateral in excess of Ten Thousand Dollars (\$10,000); or
 - e. Sale or other disposition by Borrower, or any Guarantor of any substantial portion of its assets or property or voluntary suspension of the transaction of business by Borrower, or any Guarantor, or death, dissolution, termination of existence, merger, consolidation, insolvency, business failure, or assignment for the benefit of creditors of or by Borrower, or any Guarantor; or commencement of any proceedings under any state or federal bankruptcy or insolvency laws or laws for the relief of debtors by or against Borrower, or any Guarantor; or the appointment of a receiver, trustee, court appointee, sequestrator or otherwise, for all or any part of the property of Borrower, or any Guarantor; or

- f. An event of default shall occur and be continuing under the Credit Agreement or any instrument, agreement or other document evidencing, securing or otherwise relating to any of the Indebtedness.
- 4.2 Upon the occurrence and during the continuance of any Event of Default, Bank may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be immediately due and payable, and shall have and may exercise any one or more of the following rights and remedies:
- (a) Exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;
 - (b) Institute legal proceedings to foreclose upon the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any Borrower Collateral or the proceeds of any sale of it;
 - (c) Institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all Borrower Collateral; and/or
 - (d) Personally or by agents, attorneys, or appointment of a receiver, enter upon any premises where Borrower Collateral may then be located, and take possession of all or any of it and/or render it unusable; and without being responsible for loss or damage to such Borrower Collateral, hold, operate, sell, lease, or dispose of all or any Borrower Collateral at one or more public or private sales, leaseings or other disposition, at places and times and on terms and conditions as Bank may deem fit, without any previous demand or advertisement; and except as provided in this Agreement, all notice of sale, lease or other disposition, and advertisement, and other notice or demand, any right or equity of redemption, and any obligation of a prospective purchaser or lessee to inquire as to the power and authority of Bank to sell, lease, or otherwise dispose of the Borrower Collateral or as to the application by Bank of the proceeds of sale or otherwise, which would otherwise be required by, or available to Debtor under, applicable law are expressly waived by Debtor to the fullest extent permitted.

At any sale pursuant to this Section 4.2, whether under the power of sale, by virtue of judicial proceedings or otherwise, it shall not be necessary for Bank or a public officer under order of a court to have present physical or constructive possession of Borrower Collateral to be sold. The recitals contained in any conveyances and receipts made and given by Bank or the public officer to any purchaser at any sale made pursuant to this Agreement shall, to the extent permitted by applicable law, conclusively establish the truth and accuracy of the matters stated (including, without limit, as to the amounts of the principal of and interest on the Indebtedness, the accrual and nonpayment of it and advertisement and conduct of the sale); and all prerequisites to the sale shall be presumed to have been satisfied and performed. Upon any sale of any Borrower Collateral, the receipt of the officer making the sale under judicial proceedings or of Bank shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obligated to see to the application of the money. Any sale of any Borrower Collateral under this Agreement shall be a perpetual bar against Debtor with respect to that Borrower Collateral. At any sale or other disposition of Borrower Collateral pursuant to this Section 4.2, Bank disclaims all warranties which would otherwise be given under the Uniform Commercial Code, including without limit a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Bank may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable.

- 4.3 Debtor shall at the request of Bank, notify the account debtors or obligors of Bank's security interest in the Borrower Collateral and direct payment of it to Bank. Bank may, itself, upon the occurrence and during the continuance of any Event of Default so notify and direct any account debtor or obligor. At the request of Bank, whether or not an Event of Default shall have occurred, Debtor shall immediately take such actions as Bank shall request to establish exclusive control (as defined in the Uniform Commercial Code) by Bank over any Borrower Collateral which is of such a nature that perfection of a security interest may be accomplished by control.
- 4.4 The proceeds of any sale or other disposition of Borrower Collateral authorized by this Agreement shall be applied by Bank first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorney fees and legal expenses incurred by Bank; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to . remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand. Debtor agrees that Bank shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of borrower Collateral unless failure to do so would be commercially unreasonable. If Bank agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially, unreasonable), Bank may ascribe any commercially reasonable value to such proceeds. Without limiting the foregoing, Bank may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Bank.
- 4.5 Nothing in this Agreement is intended, nor shall it be construed, to preclude Bank from pursuing any other remedy provided by law for the collection of the Indebtedness or for the recovery of any other sum to which Bank may be entitled for the breach of this Agreement by Debtor. Nothing in this Agreement shall reduce or release in any way any rights or security interests of Bank contained in any existing agreement between Borrower, or any Guarantor and Bank.
- 4.6 No waiver of default or consent to any act by Debtor shall be effective unless in writing and signed by an authorized officer of Bank. No waiver of any default or forbearance on the part of Bank in enforcing any of its rights under this Agreement shall operate as a waiver of any other default or of the same default on a future occasion or of any rights.
- 4.7 Debtor (a) irrevocably appoints Bank or any agent of Bank (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) in the name, place and stead of, and at the expense of, Debtor and (b) authorizes Bank or any agent of Bank, in its Own name, at Debtor's expense, to do any of the following, as Bank, in its sole discretion, deems appropriate:
- (i) to demand, receive, sue for, and give receipts or acquaintances for any moneys due or to become due on any Borrower Collateral (including without limit to draft against Borrower Collateral) and to endorse any item representing any payment on or proceeds of the Borrower Collateral;
 - (ii) to execute and file in the name of and on behalf of Debtor all financing statements or other filings deemed necessary or desirable by Bank to evidence, perfect, or continue the security interests granted in this Agreement; and
 - (iii) to do and perform any act on behalf of Debtor permitted or required under this Agreement.

- 4.8 Upon the occurrence and during the continuance of an Event of Default, Debtor also agrees, upon request of Bank, to assemble the Borrower Collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Debtor.
- 4.9 The following shall be the basis for any finder of fact's determination of the value of any Borrower Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9.615 (f) of the Uniform Commercial Code (as in effect on or after July 1, 2001) to the extent permitted by applicable law: (a) the Borrower Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such Borrower Collateral will be repaired or improved in any manner, (b) the valuation shall be based upon an assumption that the transferee of such Borrower Collateral desires a resale of the Borrower Collateral for cash promptly (but no later than 30 days) following the disposition; (c) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such Borrower Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorneys' fees, whether inside or outside counsel is used, and marketing costs; (d) the value of the Borrower Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such Borrower Collateral pending sale (to the extent not accounted for in (c) above), and other maintenance, operational and ownership expenses; and (e) any expert opinion testimony given or considered in connection with a determination of the value of such Borrower Collateral must be given by persons having at least 5 years experience in appraising property similar to the Borrower Collateral and who have conducted and prepared a complete written appraisal of such Borrower Collateral taking into consideration the factors set forth above. The "value" of any such Borrower Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9-615(f) of the Uniform Commercial Code.

5. Miscellaneous.

- 5.1 Until Bank is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the first address indicated in Section 5.15 below.
- 5.2 Debtor will give Bank not less than 30 days prior written notice of all contemplated changes in Debtors name, location, chief executive office, principal place of business, and/or location of any Borrower Collateral, but the giving of this notice shall not cure any Event of Default caused by this change.
- 5.3 Bank assumes no duty of performance or other responsibility under any contracts contained within the Borrower Collateral.
- 5.4 Bank has the right to sell, assign, transfer, negotiate or grant participations or any interest in, any or all of the Indebtedness and any related obligations, including without limit this Agreement In connection with the above, but without limiting its ability to make other disclosures to the full extent allowable, Bank may disclose all documents and information which Bank now or later has relating to Debtor, the Indebtedness or this Agreement, however obtained. Debtor further agrees that Bank may provide information relating to this Agreement or relating to Debtor to the Bank's parent, affiliates, subsidiaries, and service providers.
- 5.5 In addition to Bank's other rights, any indebtedness owing from Bank to Debtor can be set off and applied by Bank on any Indebtedness at any time(s) either before or after maturity or demand without notice to anyone. Any such action shall not constitute an acceptance of collateral in discharge of the Indebtedness.

- 5.6 Debtor, to the extent not expressly prohibited by applicable law, waives any right to require the Bank to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Borrower or any other person, or otherwise comply with the provisions of Sections 9-611 or 9-621 of the Uniform Commercial Code; or (c) pursue any other remedy in the Bank's power. Debtor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Indebtedness, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Indebtedness, and agree(s) that the Bank may, once or any number of times, modify the terms of any Indebtedness, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any or all Indebtedness, or permit Borrower to incur additional Indebtedness, all without notice to Debtor and without affecting in any manner the unconditional obligation of Debtor under this Agreement. Debtor unconditionally and irrevocably waives each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of Debtor under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from Debtor now or later securing the Indebtedness, and acknowledges that as of the date of this Agreement no such defense or setoff exists.
- 5.7 Intentionally Omitted
- 5.8 In the event that applicable law shall obligate Bank to give prior notice to Debtor of any action to be taken under this Agreement, Debtor agrees that a written notice given to Debtor at least ten days before the date of the act shall be reasonable notice of the act and, specifically, reasonable notification of the time and place of any public sale or of the time after which any private sale, lease, or other disposition is to be made, unless a shorter notice period is reasonable under the circumstances. A notice shall be deemed to be given under this Agreement when delivered to Debtor or two days after being placed in an envelope addressed to Debtor and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service or delivered to an overnight courier. The mailing shall be by overnight courier, certified, or first class mail.
- 5.9 Notwithstanding any prior revocation, termination, surrender, or discharge of this Agreement in whole or in part, the effectiveness of this Agreement shall automatically continue or be reinstated in the event that any payment received or credit given by Bank in respect of the Indebtedness is returned, disgorged, or rescinded under any applicable law, including, without limitation, bankruptcy or insolvency laws, in which case this Agreement, shall be enforceable against Debtor as if the returned, disgorged, or rescinded payment or credit had not been received or given by Bank, and whether or not Bank relied upon this payment or credit or changed its position as a consequence of it. In the event of 'continuation or reinstatement of this Agreement, Debtor agrees upon demand by Bank to execute and deliver to Bank those documents which Bank determines are appropriate to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of Debtor to do so shall not affect in any way the reinstatement or continuation.
- 5.10 This Agreement and all the rights and remedies of Bank under this Agreement shall inure to the benefit of Bank's successors and assigns and to any other holder who derives from Bank title to or an interest in the Indebtedness or any portion of it, and shall bind Debtor and the heirs, legal representatives, successors, and assigns of Debtor. Nothing in this Section 5.10 is deemed a consent by Bank to any assignment by Debtor.
- 5.11 If there is more than one Debtor, all undertakings, warranties and covenants made by Debtor and all rights, powers and authorities given to or conferred upon Bank are made or given jointly and severally.

- 5.12 Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code, as those meanings may be amended, revised or replaced from time to time. "Uniform Commercial Code" means Act No. 174 of the Michigan Public Acts of 1962, as amended, revised or replaced from time to time, including without limit as amended by Act No. 348 of the Michigan Public Acts of 2000. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Uniform Commercial Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Uniform Commercial Code in effect on the date of this Agreement, then such term, as used herein, shall be given such broadened meaning. If the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the Uniform Commercial Code in effect on the date of this Agreement, such amendment or holding shall be disregarded in defining terms used in this Agreement.
- 5.13 No single or partial exercise, or delay in the exercise, of any right or power under this Agreement, shall preclude other or further exercise of the rights and powers under this Agreement. The unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement. This Agreement constitutes the entire agreement of Debtor and Bank with respect to the subject matter of this Agreement. No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by Debtor and an authorized officer of Bank. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan, without regard to conflict of laws principles.
- 5.14 To the extent that any of the Indebtedness is payable upon demand, nothing contained in this Agreement shall modify the terms and conditions of that Indebtedness nor shall anything contained in this Agreement prevent Bank from making demand, without notice and with or without reason, for immediate payment of any or all of that Indebtedness at any time(s), whether or not an Event of Default has occurred.
- 5.15 Debtor represents and warrants that Debtor's exact name is the name set forth in this Agreement. Debtor further represents and warrants the following and agrees that Debtor is, and at all times shall be, located in the following place [mark applicable provision]:
- Debtor is an individual, and Debtor is located (as determined pursuant to the Uniform Commercial Code) at Debtor's principal residence which is (street address, state and county or parish): _____.
 - Debtor is a registered organization which is organized under the laws of one of the states comprising the United States (e.g. corporation, limited partnership, registered limited liability partnership or limited liability company), and Debtor is located (as determined pursuant to the Uniform Commercial Code) in the state under the laws of which it was organized, which is (street address, state and county or parish): Michigan.
 - Debtor is a domestic organization which is not a registered organization under the laws of the United States or any state thereof (e.g. general partnership, joint venture, trust, estate or association), and Debtor is located (as determined pursuant to the Uniform Commercial Code) at its sole place of business or, if it has more than one place of business, at its chief executive office, which is (street address, state and county or parish): _____.
 - Debtor is a registered organization organized under the laws of the United States, and Debtor is located in the state that United States law designates as its location or, if United States law authorizes the Debtor to designate the state for its location, the state designated by Debtor, or if neither of the foregoing are applicable, at the District of Columbia. Debtor is located (as determined pursuant to the Uniform Commercial Code) at (street address, state and county or parish): _____.

Debtor is a foreign individual or foreign organization or a branch or agency of a bank that is not organized under the laws of the United States or a state thereof. Debtor is located (as determined pursuant to the Uniform Commercial Code) at:_____.

If Borrower Collateral is located at other than the address specified above, such Borrower Collateral is located and shall be maintained at

See Attached Schedule of Collateral Locations
STREET ADDRESS

CITY	STATE	ZIP CODE	COUNTY
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Borrower Collateral shall be maintained only at the locations identified in this Section 5.15.

5.16 A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Bank in any filing office.

5.17 This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Uniform Commercial Code, but the obligations contained in Section 2.13 of this Agreement shall survive termination.

DEBTOR AND BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.

7. **Special Provisions Applicable to this Agreement. The Indebtedness shall be on a remittance basis and the provisions of Sections 3.2 and 3.3 shall apply.**

Debtor:

AMERICAN INCORPORATED, a Michigan corporation

By: /s/ Barry Steele

SIGNATURE OF

Its: Chief Financial Officer
TITLE (if applicable)

By: /s/ D. R. Coker

SIGNATURE OF

Its: President and Chief Executive Officer
TITLE (if applicable)

**PATENT AND TRADEMARK SECURITY AGREEMENT
BY AMERIGON INCORPORATED IN FAVOR OF
COMERICA BANK DATED AS OF MAY 20, 2005**

PATENT AND TRADEMARK SECURITY AGREEMENT

PATENT AND TRADEMARK SECURITY AGREEMENT, dated as of May 20, 2005, made by AMERIGON INCORPORATED, a Michigan corporation, successor by reason of merger with Amerigon Incorporated, a California corporation (the "Grantor") in favor of COMERICA BANK, a Michigan banking corporation (the "Bank").

WITNESSETH:

WHEREAS, Grantor (as successor to Amerigon Incorporated, a California corporation) is a party to the Credit Agreement dated as of November 14, 2002 (as amended or modified from time to time the "Credit Agreement") between the Bank and Grantor;

WHEREAS, the Grantor owns certain Trademarks (as defined below) and Trademark Licenses (as defined below) listed on Schedule I attached hereto;

WHEREAS, the Grantor owns certain Patents (as defined below) and Patent Licenses (as defined below) listed on Schedule II attached hereto;

WHEREAS, it is a condition precedent to the obligation of the Bank to make credit advances to Grantor under the Credit Agreement that the Grantor shall have executed and delivered this Agreement to the Bank;

NOW, THEREFORE, in consideration of the premises and to induce the Bank to enter into the Credit Agreement and to make advances to Grantor thereunder and under the Note (as defined below), the Grantor hereby agrees with the Bank, as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, capitalized terms defined in the Credit Agreement are used herein as defined therein. The following terms shall have the following meanings:

"Agreement": this Patent and Trademark Security Agreement, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Borrower Patent and Trademark Collateral": as defined in Section 2 of this Agreement.

“Code”: the Uniform Commercial Code as from time to time in effect in the State of Michigan.

“Event of Default”: any default or event of default described in Section 7 of the Credit Agreement and lapse of any applicable grace and/or cure periods.

“General Intangibles”: as defined in the Code, including, without limitation, all Patents and Trademarks now or hereafter owned by the Grantor to the extent such Patents and Trademarks would be included in General Intangibles under the Code.

“Lien”: any lien, security interest, pledge, encumbrance or other similar charge, whether voluntary or involuntary and however created.

“Note”: the collective reference to the notes issued pursuant to the Credit Agreement and any modifications, amendments, renewals or extensions thereof.

“Obligations”: the collective reference to the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Note and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Grantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Note, and, all other obligations and liabilities of the Grantor to the Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, including, without limitation, obligations and liabilities which may arise under, out of, or in connection with, the Credit Agreement, the Note, the Guaranty or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all reasonable fees and disbursements of counsel to the Bank).

“Patent License”: all United States license agreements with any other person in connection with any of the Patents or such other person’s patents, whether the Grantor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule II hereto and made a part hereof, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Patents”: all United States patents, patent applications including, without limitation, all patents and patent applications identified in Schedule II attached hereto and made a part hereof, and including without limitation (a) all inventions and improvements described and claimed therein, (b) the right to sue or otherwise recover for any and, all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements

thereof), and (d) all rights corresponding thereto in the United States and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (Patents and Patent Licenses being, collectively, the "Patent Collateral").

"Trademark License": all United States license agreements with any other person in connection with any of the Trademarks or such other person's names or trademarks, whether the Grantor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule I hereto and made a part hereof, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"Trademarks": all trademarks, service marks, trademark and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified in Schedule I attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto in the United States and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (Trademarks and Trademark Licenses being, collectively, the "Trademark Collateral").

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and paragraph references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Grantor hereby assigns, pledges and grants to the Bank a security interest in all of the following property now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Borrower Patent and Trademark Collateral"):

- (i) all Trademarks;

- (ii) all Trademark Licenses;
- (iii) all Patents;
- (iv) all Patent Licenses;
- (v) all general intangibles connected with the use of or symbolized by the Trademarks and Patents; and
- (vi) to the extent not otherwise included, all proceeds and products of any and all of the foregoing;

Notwithstanding anything herein to the contrary, "Borrower Patent and Trademark Collateral" shall not include any general intangible that is the subject of a written agreement which specifically prohibits assignment thereof or grant of a security interest therein but only to the extent of such prohibition, and only to the extent that the terms and provisions of such written agreement, document or instrument creating or evidencing such property or any rights relating thereto expressly prohibit the granting of a security interest therein or condition the granting of a security interest therein on the consent of a third party whose consent has not been obtained or would cause, or allow a third party to cause, forfeiture of such property upon the granting of a security interest therein or a breach under any written agreement relating thereto; provided, however, that immediately upon the effectiveness, lapse or termination of such provision, the Borrower Patent and Trademark Collateral shall include, and Grantor shall be deemed to have granted a security interest in all such general intangibles as if such term had never been in effect.

3. Grantor Remains Liable: Limitations on Bank's Obligations. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Borrower Patent and Trademark Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as: if this Agreement had not been executed, (b) the exercise by the Bank of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Borrower Patent and Trademark Collateral, and (c) the Bank shall not have any obligation or liability under the contracts and agreements included in the Borrower Patent and Trademark Collateral by reason of this Agreement, nor shall the Bank be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Representations and Warranties. The Grantor represents and warrants: as follows:

(a) Title; No Other Liens. Except for the Liens granted to the Bank and the Permitted Liens under the Credit Agreement, the Grantor is (or, in the case of after-acquired

Borrower Patent and Trademark Collateral, will be) the sole, legal and beneficial owner of the entire right, title and interest in and to the Trademarks set forth on Schedule I hereto and the Patents set forth in Schedule II hereto free and clear of any and all Liens. No security agreement, financing statement or other public notice similar in effect with respect to all or any part of the Borrower Patent and Trademark Collateral is on file or of record in any public office (including, without limitation, the United States Patent and Trademark Office) except such as may have been filed in favor of the Bank pursuant to this Agreement and Permitted Liens.

(b) Perfected First Priority Liens.

(i) This Agreement is effective to create, as collateral security for the Obligations, valid and enforceable Liens on the Borrower Patent and Trademark Collateral in favor of the Bank, subject to Permitted Liens.

(ii) Upon filing of the financing statements delivered to the Bank (and the recording of this Agreement in the United States Patent and Trademark Office), the Liens created pursuant to this Agreement will constitute valid and perfected Liens on the Borrower Patent and Trademark Collateral in favor of the Bank, which Liens, subject to Permitted Liens, will be prior to all other Liens on the Borrower Patent and Trademark Collateral, and which Liens are enforceable as such against all creditors of and purchasers (except to the extent that the recording of an assignment or other transfer of title to the Bank in the United States Patent and Trademark Office may be necessary for such enforceability) from the Grantor, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(c) Consents. Except as disclosed in Schedule III attached hereto, no consent of any party (other than such Grantor) to any Patent License or Trademark License constituting Borrower Patent and Trademark Collateral is required, or purports to be required, to be obtained by or on behalf of such Grantor in connection with the execution, delivery and performance of this Agreement that has not been obtained. Each Patent License and Trademark License constituting Borrower Patent and Trademark Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the Grantor and (to the knowledge of the Grantor) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent Licenses or Trademark Licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect. Neither the Grantor nor (to the knowledge of the Grantor) any other party to any Patent License or Trademark License constituting Borrower Patent and Trademark Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse effect on the value of the Borrower Patent and Trademark Collateral. The right, title and interest of the Grantor

in, to and under each Patent License and Trademark License constituting Borrower Patent and Trademark Collateral are not subject to any material defense, offset, counterclaim or claim.

(d) Schedules I and II are Complete; All Filings Have Been Made. Set forth in Schedules I and II is a complete and accurate list of the Trademarks and Patents owned by the Grantor as of the date hereof. The Grantor has made all necessary filings and recordations to protect and maintain its interest in the Trademarks and Patents set forth in Schedules I and II, including, without limitation, all necessary filings and recordings, and payments of all maintenance fees, in the United States Patent and Trademark Office to the extent such Trademarks and Patents are material to the Grantor's business. Set forth in Schedules I and II is a complete and accurate list of all of the material Trademark Licenses and Patent Licenses owned by the Grantor as of the date hereof.

(e) The Trademarks and Trademark Licenses are Subsisting; and Not Adjudged Invalid. As of the date hereof, each material trademark registration and trademark application of the Grantor set forth in Schedule I is subsisting as of the date hereof and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid, registrable and enforceable. As of the date hereof, each of the Trademark Licenses set forth in Schedule I is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid and enforceable. As of the date hereof, the Grantor has notified the Bank in writing of all uses of any item of Trademark Collateral of which the Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Borrower Patent and Trademark Collateral.

(f) The Patent and Patent Licenses are Subsisting and Not Adjudged Invalid. As of the date hereof, each material Patent and patent application of the Grantor set forth in Schedule II is subsisting and has not been adjudged invalid, unpatentable or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid, patentable and enforceable. As of the date hereof, each of the material Patent Licenses set forth in Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid and enforceable. As of the date hereof, the Grantor has notified the Bank in writing of all uses of any item of Patent Collateral material to the Grantor's business of which the Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(g) No Previous Assignments or Releases. Except as expressly permitted by the Credit Agreement and such as may have been filed in favor of Bank relating to this Agreement, no effective financing statement or other instrument similar in effect covering all or any part of the Borrower Patent and Trademark Collateral is on file in any filing or recording office.

(h) Proper Statutory Notice. The Grantor has marked its products with the trademark registration symbol the numbers of all appropriate patents, the common law trademark symbol or the designation "patent pending," as the case may be, to the extent that it is reasonably and commercially practicable, in all material respects.

(i) No Knowledge of Claims Likely to Arise. After reasonably inquiry, Grantor is not aware of any pending or threatened claim by any third party that any of the Borrower Patent and Trademark Collateral owned, held or used by such Grantor is invalid or unenforceable.

(j) No Knowledge of Existing or Threatened Claims. No claim has been made and is continuing or, to the best of the Grantor's knowledge, threatened that the use by the Grantor of any item of material Borrower Patent and Trademark Collateral is invalid or unenforceable or that the use by the Grantor of any material Borrower Patent and Trademark Collateral does or may violate the rights of any person. To the best of the Grantor's knowledge, there is currently no infringement or unauthorized use of any item of material Borrower Patent and Trademark Collateral contained on Schedules I and II.

5. Covenants. The Grantor covenants and agrees with the Bank that, from and after the date of this Agreement until the payment in full of the Obligations:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the written request of the Bank or the Grantor, as the case may be, and at the sole expense of the Grantor, the Grantor or the Bank, as the case may be, will promptly and duly execute and deliver such further instruments and documents and take such further action as the Bank or the Grantor may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code in effect in any jurisdiction with respect to the Liens created hereby. The Grantor also hereby authorizes the Bank to file any such financing or continuation statement without the signature of the Grantor to the extent permitted by applicable law. A carbon, photostatic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction. The Bank agrees to notify the Grantor and the Grantor agrees to notify the Bank of any financing or continuation statement filed by it pursuant to this Section 5(a), provided that any failure to give any such notice shall not affect the validity or effectiveness of any such filing.

(b) Indemnification and Expenses. The Grantor agrees to pay, and to save the Bank harmless from, any and all liabilities and reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay by the Grantor in complying with any material requirement of law applicable to any of the Borrower Patent and Trademark Collateral, or (ii) in connection with any of the transactions contemplated by this Agreement, provided that such indemnity shall not be available to the extent that such liabilities, costs and expenses resulted from the gross negligence or willful misconduct of the Bank. In any suit, proceeding or action brought by the Bank under any of the Borrower Patent and Trademark Collateral for any sum owing thereunder, or to enforce any of the Borrower Patent and Trademark Collateral, the Grantor will save, indemnify and keep the Bank harmless from and against all expense, loss or damage suffered by reason of any defense or counterclaim raised in any such suit, proceeding or action.

(c) Maintenance of Records. (i) The Grantor will keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Collateral, and shall mark such records to evidence this Agreement and the Liens and the security interests created hereby. For the Bank's further security, the Bank shall have a security interest in all of the Grantor's books and records pertaining to the Borrower Patent and Trademark Collateral, and the Grantor shall permit the Bank or its representatives to review such books and records upon reasonable advance notice during normal business hours at the location where such books and records are kept and at the reasonable request of the Bank.

(d) Right of Inspection. Upon reasonable advance notice to the Grantor and at reasonable intervals, the Bank and its respective representatives shall have reasonable access during normal business hours to all the books, correspondence and records of the Grantor, and the Bank and its respective representatives may examine the same, and to the extent reasonable take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Bank, at the Grantor's reasonable cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

(e) Compliance with Laws, etc. The Grantor will comply in all material respects with all requirements of law applicable to the Borrower Patent and Trademark, Collateral or any part thereof, except to the extent that the failure to so comply would not be reasonably expected to materially adversely affect in the aggregate the Bank's rights, hereunder, the priority of its Liens on the Borrower Patent and Trademark Collateral or the value of the Borrower Patent and Trademark Collateral.

(f) Further Identification of Borrower Patent and Trademark Collateral: The Grantor will furnish to the Bank from time to time such statements and schedules further identifying and describing the Borrower Patent and Trademark Collateral, and such other reports in connection with the Borrower Patent and Trademark Collateral, as the Bank may reasonably request, all in reasonable detail.

(g) Security Interest in Any Newly Acquired Borrower Patent and Trademark Collateral. The Grantor agrees that should it obtain an ownership interest in any Trademark, Patent, Trademark License or Patent License which is not now a part of the Borrower Patent and Trademark Collateral, (i) the provisions of Section 2 shall automatically apply thereto, (ii) any such Trademark, Patent, Trademark License and Patent License shall automatically become part of the Borrower Patent and Trademark Collateral, and (iii) with respect to any ownership interest in any Trademark, Patent, Trademark License or Patent License that the Grantor should obtain which the Grantor reasonably deems is material to its business, it shall give notice thereof to the Bank in writing, in reasonable detail, within 30 days after acquiring such ownership interest. The Grantor authorizes the Bank to modify this Agreement by amending Schedules I and II (and will cooperate reasonably with the Bank in effecting any such amendment) to include on Schedule I any Trademark and Trademark License and on Schedule II any Patent or Patent License of which it receives notice under this Section.

(h) Maintenance of the Trademark Collateral. The Grantor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each trademark registration and each Trademark License identified on Schedule I hereto, and (ii) pursue each trademark application now or hereafter identified in Schedule I hereto, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, and the participation in opposition, cancellation, infringement and misappropriation proceedings, except, in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. The Grantor agrees to take corresponding steps with respect to each new or acquired trademark registration, trademark application or any rights obtained under any Trademark License, in each case, which it is now or later becomes entitled, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Grantor.

(i) Maintenance of the Patent Collateral. The Grantor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each Patent and each Patent License identified on Schedule II hereto, and (ii) pursue each patent application, now or hereafter identified in Schedule II hereto, including, without limitation, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. The Grantor agrees to take corresponding steps with respect to each new or acquired Patent, patent application, or any rights obtained under any Patent License, in each case, which it is now or later becomes entitled, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Grantor.

(j) Grantor Shall Not Abandon any Borrower Patent and Trademark Collateral. The Grantor shall not abandon any trademark registration, Patent or any pending trademark or patent application, without the written consent of the Bank, unless the Grantor shall have previously determined that such use or the pursuit or maintenance of such trademark registration, Patent or pending trademark or patent application is not of material economic value to it, in which case, the Grantor will, at least annually, give notice of any such abandonment to the Bank in writing.

(k) Infringement of Any Borrower Patent and Trademark Collateral. In the event that the Grantor becomes aware that any item of the Borrower Patent and Trademark Collateral which the Grantor has reasonably determined to be material to its business is infringed or misappropriated by a third party, the Grantor shall promptly

notify the Bank promptly and in writing, in reasonable detail, and shall take such actions as the Grantor or the Bank deems reasonably appropriate under the circumstances to protect such Borrower Patent and Trademark Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Grantor. The Grantor will advise the Bank promptly and in writing, in reasonable detail, of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Borrower Patent and Trademark Collateral.

(l) Limitation on Liens on Borrower Patent and Trademark Collateral. Except for the Permitted Liens, the Grantor will not create, incur or permit to exist, will defend the Borrower Patent and Trademark Collateral against, and will take such other action as is reasonably necessary to remove, any Lien or material adverse claim on or to any of the Borrower Patent and Trademark Collateral, other than the liens created by this Agreement, and will defend the right, title and interest of the Bank in and to any of the Borrower Patent and Trademark Collateral against the claims and demands of all persons whomsoever.

(m) Limitations on Dispositions of Borrower Patent and Trademark Collateral. Except as permitted pursuant to the Credit Agreement, the Grantor will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the, Borrower Patent and Trademark Collateral, or attempt, offer or contract to do so.

(n) Notices. The Grantor will advise the Bank promptly, in reasonable detail, (i) of any Lien (other than Liens created hereby) on, or material adverse claim asserted against, Patents or Trademarks and (ii) of the occurrence of any other event which would reasonably be expected in the aggregate to have a material adverse effect on the aggregate value of the Borrower Patent and Trademark Collateral or the Liens created hereunder.

6. Bank's Appointment as Attorney-in-Fact.

(a) Powers. The Grantor hereby irrevocably constitutes and appoints the Bank, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name, from time to time in the Bank's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement;'. and, without limiting the generality of the foregoing, the Grantor hereby gives the Bank the power and right, on behalf of the Grantor, without notice to or assent by the Grantor, to do the following at any time, and to the extent permitted by law:

(i) to execute and deliver any and all agreements, instruments, documents, and papers as the Bank may reasonably request to evidence the Bank's security interest in any of the Borrower Patent and Trademark Collateral;

(ii) in the name of the Grantor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any general intangible (to the extent that any of the foregoing constitute Borrower Patent and Trademark Collateral) or with respect to any other Borrower Patent and Trademark Collateral and to file any claim or to take any other action or institute any proceeding in any court of law or equity or otherwise deemed appropriate by the Bank for the purpose of collecting any and all such moneys due under any such General Intangible or with respect to any such other Borrower Patent and Trademark Collateral whenever payable;

(iii) to pay or discharge Liens placed on the Borrower Patent and Trademark Collateral, other than Liens permitted under this Agreement and the Permitted Liens; and

(iv) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Bank or as the Bank shall direct; (B) to ask for, or demand, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the Borrower Patent and Trademark Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Borrower Patent and Trademark Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Borrower Patent and Trademark Collateral or any thereof and to enforce any other right in respect of any Borrower Patent and Trademark Collateral; (E) to defend any suit, action or proceeding brought against the Grantor with respect to any of the Borrower Patent and Trademark Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Bank may deem appropriate; (G) subject to any pre-existing rights or licenses, to assign any Patent or Trademark constituting Borrower Patent and Trademark Collateral (along with the goodwill of the business to which any such Patent or Trademark pertains), for such term or terms, on such conditions, and in such manner, as the Bank shall in its sole discretion determine; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Borrower Patent and Trademark Collateral as fully and completely as though the Bank were the absolute owner thereof for all purposes, and to do, at the Bank's option and the Grantor's expense, at any time, or from time to time, all acts and things which the Bank deems necessary to protect, preserve or realize upon the Borrower Patent and Trademark Collateral and the Bank's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Grantor might do.

The Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable until payment in full of the Obligations.

(b) Other Powers. The Grantor also authorizes the Bank, from time to time if an Event of Default shall have occurred and be continuing, to execute, in connection with any sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Borrower Patent and Trademark Collateral.

(c) No Duty on the Part of Bank. The powers conferred on the Bank hereunder are solely to protect the Bank's interests in the Borrower Patent and Trademark Collateral and shall not impose any duty upon the Bank to exercise any such powers. The Bank shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Bank of Grantor's Obligations. If the Grantor fails to perform or comply with any of its agreements contained herein and the Bank, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of the Bank incurred in connection with such performance or compliance, together with interest thereon at the rate provided in the Credit Agreement, shall be payable by the Grantor to the Bank on demand and shall constitute Obligations secured hereby.

8. Proceeds. It is agreed that if an Event of Default shall occur and be continuing; (a) all proceeds of any Borrower Patent and Trademark Collateral received by the Grantor consisting of cash, checks and other near-cash items shall be held by the Grantor in trust for the Bank, segregated from other funds of the Grantor, and at the request of the Bank shall, forthwith upon receipt by the Grantor, be turned over to the Bank in the exact form received by the Grantor (duly indorsed by the Grantor to the Bank, if required by the Bank) and (b) any and all such proceeds received by the Bank (whether from the Grantor or otherwise) may, in the sole discretion of the Bank, be held by the Bank as collateral security for the Obligations (whether matured or unmatured) and/or then or at any time thereafter may be applied by the Bank against, the Obligations then due and owing. Any balance of such proceeds remaining after the payment in full of the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive the same.

9. Remedies. If an Event of Default shall occur and be continuing, the Bank may exercise all rights and remedies of a secured party under the Code, and, to the extent permitted by law, all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations. Without limiting the generality of the foregoing, the Bank, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to bellow) to or upon the Grantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived) may in such circumstances, to the extent permitted by law, forthwith collect, receive, appropriate and realize upon the Borrower Patent and Trademark Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Borrower Patent and Trademark Collateral or any part thereof (or contract to do any of the foregoing) in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Bank or

elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Bank shall have the right, to the extent permitted by law, upon any such sale or sales, to purchase the whole or any part of the Borrower Patent and Trademark Collateral so sold, free of any right or equity of redemption in the Grantor, which right or equity is hereby waived or released. The Grantor further agrees, at the Bank's request, upon the occurrence and during the continuance of an Event of Default, to assemble the Borrower Patent and Trademark Collateral and make it available to the Bank at places which the Bank shall reasonably select, whether at the Grantor's premises or elsewhere. In the event of any sale, assignment, or other disposition of any of the Borrower Patent and Trademark Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and the Grantor shall supply to the Bank or its designee the Grantor's know-how and expertise relating to the Borrower Patent and Trademark Collateral subject to such disposition, and the Grantor's notebooks, studies, reports, records, documents and things embodying the same or relating to the inventions, processes or ideas covered by, and to the manufacture of any products under or in connection with, the Borrower Patent and Trademark Collateral subject to such disposition, and the Grantor's customer's lists, studies and surveys and other records and documents relating to the distribution, marketing, advertising and sale of products relating to the Borrower Patent and Trademark Collateral subject to such disposition. The Bank shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Borrower Patent and Trademark Collateral or in any way relating to the Borrower Patent and Trademark Collateral or the rights of the Bank, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations then due and owing, and only after such application and after the payment by the Bank of any other amount required by any provision of law, need the Bank account for the surplus, if any, to the Grantor. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Bank arising out of the repossession, retention or sale of the Borrower Patent and Trademark Collateral, other than any such claims, damages and demands that may arise from the gross negligence or willful misconduct of the Bank. If any notice of a proposed sale or other disposition of Borrower Patent and Trademark Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Borrower Patent and Trademark Collateral are insufficient to pay the then outstanding Obligations, including the reasonable fees and disbursements of any attorneys employed by the Bank to collect such deficiency.

10. Limitation on Duties Regarding Preservation of Borrower Patent and Trademark Collateral. The Bank's sole duty with respect to the custody, safekeeping and physical preservation of the Borrower Patent and Trademark Collateral in its possession, shall be to deal with it in the same manner as the Bank deals with similar property for its own account. Neither the Bank nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Borrower Patent and Trademark Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Borrower Patent and Trademark Collateral upon the request of the Grantor or any other person.

11. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Borrower Patent and Trademark Collateral are powers coupled with an interest and are irrevocable until payment in full of the Obligations.

12. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

14. No Waiver; Cumulative Remedies. The Bank shall not by any act (except by a written instrument pursuant to Section 15 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Bank would otherwise have one any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

15. Waivers and Amendments; Successors and Assigns. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantor and the Bank. This Agreement shall be binding upon the successors and assigns of the Grantor and shall inure to the benefit of the Bank and its successors and assigns, except that the Grantor may not assign, transfer or delegate; any of its rights or obligations under this Agreement without the prior written consent of the Bank.

16. Notices. All notices, requests and demands to or upon the respective parties hereto shall be made in accordance with the Credit Agreement.

17. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

18. Release of Collateral and Termination. At such time as the payment in full of the Obligations, the Borrower Patent and Trademark Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Bank hereunder shall terminate, all without delivery of any

instrument or performance of any act by any party, and all rights to the Borrower Patent and Trademark Collateral shall revert to the Grantor.

19. Waiver of Jury Trial. The Grantor hereby waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered as of the date first above written.

AMERIGON INCORPORATED, a Michigan Corporation

By: /s/ D. R. Coker

Title : President & CEO

TRADEMARKS AND TRADEMARK LICENSES

U.S. Trademarks

TRADEMARKS**U.S. and Foreign Trademarks**

<u>Case Number</u>	<u>Trademark Name</u>	<u>Class</u>	<u>Country</u>	<u>Status</u>	<u>Application Number</u>	<u>Filing Date</u>	<u>Reg Number</u>	<u>Reg Date</u>	<u>Renewal Date</u>
AMERGN.018T	CCS	11	US	Registered	75/478133	4/30/98	2376532	8/15/2000	8/15/2010
AMERGN.019T	CLIMATE CONTROL SEAT	11	US	Registered	75/478132	4/30/98	2495253	10/9/01	10/9/11
AMERGN.019WEU	CLIMATE CONTROL SEAT	11	EU	Registered	2412294	10/16/01	2412294	1/3/03	10/16/11
AMERGN.026T	AMERGN	9,11,12	US	Registered	75/496034	6/4/1998	2426039	2/06/01	2/6/11
AMERGN.039T	MTM	11	US	Registered	76/351700	12/21/01	2875275	8/17/04	8/17/2014
AMERGN.039WCA	MTM	11	CA	Published	1144250	6/18/02			
AMERGN.039WCN	MTM	11	CN	Pending	3216134	6/19/02			
AMERGN.039WEU	MTM	11	EU	Published	2738938	6/18/02			
AMERGN.039WJP	MTM	11	JP	Registered	2002-51840	6/21/02	4634473	1/10/03	1/10/13
AMERGN.039WKR	MTM	11	KR	Registered	40200228824	6/21/02	0570527	1/2/04	1/2/14
AMERGN.039WMX	MTM	11	MX	Registered	553093	6/21/02	840976	7/9/04	
AMERGN.040WCN	MICRO THERMAL MODULE	11	CN	Registered	3216133	6/19/02	3216133	10/14/03	10/13/13

PATENTS AND PATENT LICENSES

U.S. Patents

I. PATENTS

I. PATENTS IN THE APPLICATION PROCESS

PATENTS AND PATENT LICENSES

U.S. AND FOREIGN

I. PATENTS

Case Number	Title of Invention	Country	Status	Application Number	File Number	Patent Number	Issue Date
AMERGN.001A	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	US	Issued	09/027996	2/23/98	606958	5/30/00
AMERGN.001CP1	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	US	Issued	09/106238	6/29/98	6380883	4/30/02
AMERGN.001CP2	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	US	Issued	09/169679	10/9/98	6400308	6/4/02
AMERGN.001CP4	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	US	Issued	09/253468	2/19/99	6232910	5/15/01
AMERGN.006A	VARIABLE TEMPERATURE SEAT	US	Issued	08/156562	11/22/93	5597200	1/28/97
AMERGN.006VDE	VARIABLE TEMPERATURE SEAT	DE	Issued	95902674.1	11/21/94	69428709.1	10/17/2001
AMERGN.006VEP	VARIABLE TEMPERATURE SEAT	EP	Issued	95902674.1	11/21/94	0730422	
AMERGN.006VFR	VARIABLE TEMPERATURE SEAT	FR	Issued	95902674.1	11/21/94	0730422	
AMERGN.006VGB	VARIABLE TEMPERATURE SEAT	GB	Issued	95902674.1	11/21/94	0730422	1/10/03
AMERGN.006VIN	VARIABLE TEMPERATURE SEAT	IN	Issued	926/DEL/95	5/23/95	191107	1/2/04
AMERGN.006VIT	VARIABLE TEMPERATURE SEAT	IT	Issued	95902674.1	11/21/94	0730422	7/9/04
AMERGN.006VSE	VARIABLE TEMPERATURE SEAT	SE	Issued	95902674.1	11/21/94	0730422	10/14/03
AMERGN.006VSG	VARIABLE TEMPERATURE SEAT	SG	Issued	9608326-6	11/21/94	46686	5/25/1999
AMERGN.007CP1	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	US	Issued	08/288459	8/10/94	5626021	5/6/1997
AMERGN.007QCN	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	CN	Issued	95194981.0	8/10/95	ZL95194981.0	3/31/2004
AMERGN.007QDE	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	DE	Issued	95928827.5	8/10/95	69523606.7	10/31/2001
AMERGN.007QEP	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	EP	Issued	95928827.5	8/10/95	0775284	10/31/2001
AMERGN.007QFR	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	FR	Issued	95928827.5	8/10/95	0775284	10/31/2001
AMERGN.007QGB	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	GB	Issued	95928827.5	8/10/95	0775284	10/31/2001
AMERGN.007QIT	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	IT	Issued	95928827.5	8/10/95	0775284	10/31/2001
AMERGN.007QKR	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	KR	Issued	97-700870	8/10/95	0372088	1/29/2003
AMERGN.007QSE	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	SE	Issued	9598827.5	8/10/95	0775284	10/31/2001

AMERGN.007RA	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	US	Issued	09/096226	6/11/98	RE38128	6/3/2003
AMERGN.007VDE	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	DE	Issued	95902641.0	11/17/94	69425156.9	7/5/2000
AMERGN.007VEP	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	EP	Issued	95902641.0	11/17/94	0730720	7/5/2000
AMERGN.007VFR	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	FR	Issued	95902641.0	11/17/94	0730720	7/5/2000
AMERGN.007VGB	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	GB	Issued	95902641.0	11/17/94	0730720	7/5/2000
AMERGN.007VIN	SYSTEM FOR CONTROLLING THE TEMPERATURE CLIMATE IN A VARIABLE TEMPERATURE OCCUPANT SEAT	IN	Issued	191193	5/23/95	191193	5/6/04
AMERGN.007VIT	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	IT	Issued	95902641.0	11/17/94	0730720	7/5/2000
AMERGN.007VSE	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	SE	Issued	95902641.0	11/17/94	0730720	7/5/2000
AMERGN.007VSG	VARIABLE TEMPERATURE SEAT CLIMATE CONTROL SYSTEM	SG	Issued	9608523-8	11/17/94	49265	3/20/2001
AMERGN.008DCP1	INERTIAL MASS SAFETY SYSTEM ACTIVATION OF A SEAT BELT RESTRAINT SYSTEM IN PERSONAL VEHICLES	US	Issued	08/171119	12/21/93	5518271	5/21/06
AMERGN.016A	THERMOELECTRIC HEAT EXCHANGER	US	Issued	09/076518	5/12/98	6119463	9/19/00
AMERGN.016C1	THERMOELECTRIC HEAT EXCHANGER	US	Issued	09/428018	10/27/99	6223539	5/1/01
AMERGN.016VCN	THERMOELECTRIC HEAT EXCHANGER	CN	Issued	99807732.1	5/12/99	ZL99807732	10/22/03
AMERGN.016VDE	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	DE	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.016VEP	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	EP	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.016VES	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	ES	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.016VFR	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	FR	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.016VGB	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	GB	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.016VIT	SEAT WITH THERMOELECTRIC HEAT EXCHANGER	IT	Issued	99925590.4	5/12/99	1076797	5/12/2004
AMERGN.037A	FLEXIBLE THERMOELECTRIC CIRCUIT	US	Issued	09/987804	11/5/01	6700052	3/2/2004
AMERGN.16C2CP1	THERMOELECTRIC HEAT EXCHANGER	US	Issued	09/971539	10/2/01	660866	8/19/2003

The company is a joint owner with Honda Motor Co. of two U.S. patents.

II. APPLICATIONS

Case Number	Title of Invention	Country	Status	Application Number	Filing Number	Patient Number	Issue Date
AMERGN.001PEP	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	EP	Pending	99914880.2	2/19/99		
AMERGN.001PJP	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	JP	Pending	2000-532738	2/19/99		
AMERGN.001PKR	HIGH PERFORMANCE VEHICLE RADAR SYSTEM	KR	Pending	7009238/2000	2/19/99		
AMERGN.006RA	VARIABLE TEMPERATURE SEAT	US	Pending	09/239054	1/27/99		
AMERGN.006RAC2	VARIABLE TEMPERATURE SEAT	US	Pending	09/996439	11/28/01		
AMERGN.006VJP	VARIABLE TEMPERATURE SEAT	JP	Pending	515205/1995	11/21/94		
AMERGN.007QJP	VARIABLE TEMPERATURE CLIMATE CONTROL SYSTEM	JP	Pending	507540/1996	8/10/95		
AMERGN.007QPH	VARIABLE TEMPERATURE CLIMATE CONTROL SYSTEM	PH	Pending	1/55550	2/12/97		
AMERGN.007RAC2	VARIABLE TEMPERATURE CLIMATE CONTROL SYSTEM	US	Pending	10/264348	10/3/02		
AMERGN.007VJP	VARIABLE TEMPERATURE CLIMATE CONTROL SYSTEM	JP	Pending	515171/1995	11/17/94		
AMERGN.011VIN	A HEAT TRANSFER APPARATUS (AMENDED PER FA FAX OF 1/29/04)	IN	Published	193986	11/15/95		
AMERGN.016VJP	THERMOELECTRIC HEAT EXCHANGER		Pending	2000-548669	5/12/99		
AMERGN.016VR1EP	THERMOELECTRIC HEAT EXCHANGER		Published	04006634.2	5/12/99		
AMERGN.048A	CLIMATE CONTROLLED SEAT		Pending	10/853779	5/12/99		
AMERGN.053A	APPARATUS FOR PROVIDING FLUID THROUGH A VEHICLE SEAT		Pending	10/973947	10/25/04		
AMERGN.054A	CONTROL SYSTEM FOR THERMAL MODULE IN VEHICLE		Pending	11/047077	1/31/05		
AMERGN.054PR	CONTROL SYSTEM FOR THERMAL MODULE IN VEHICLE		Pending	60/637725	12/20/04		
AMERGN.16CCPC1	THERMOELECTRIC HEAT EXCHANGER		Published	10/608807	6/27/03		

The Company is a joint owner with Honda Motor Co. of one Japanese patent and four Japanese patent applications.

CONSENTS

Consents

**SECURITY AGREEMENT (ALL ASSETS) BY BSST LLC IN
FAVOR OF COMERICA BANK DATED AS OF NOVEMBER 14, 2002**

**Security Agreement (“Agreement”)
(All Assets)**

As of November 14, 2002, for value received, the undersigned BSST LLC, a Delaware limited liability company (“Debtor”) grants to Comerica Bank, a Michigan banking corporation (“Bank”), whose address is 39200 Six Mile Road, Livonia, Michigan 48152, Attention: Commercial Loan Documentation, Mail Code 7578, a continuing security interest and lien (any pledge, assignment, security interest or other lien arising hereunder is sometimes referred to herein as a “security interest”) in the BSST Collateral (as defined below) to secure payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness (“Indebtedness”) to the Bank of Debtor under that certain Guaranty dated as of November 14, 2002 by Debtor in favor of Bank, as amended, modified or supplemented from time to time (the “Guaranty”). Indebtedness includes without limit any and all obligations or liabilities of the Debtor to the Bank, whether absolute or contingent, direct or indirect, voluntary or involuntary, liquidated or unliquidated, joint or several, known or unknown; any and all obligations or liabilities for which the Debtor would otherwise be liable to the Bank were it not for the invalidity or unenforceability of them by reason of any bankruptcy, insolvency or other law, or for any other reason to the extent permitted by applicable law; any and all amendments, modifications, renewals and/or extensions of any of the above; all costs incurred by Bank in establishing, determining, continuing, or defending the validity or priority of its security interest, or in pursuing its rights and remedies under this Agreement or under any other agreement between Bank and Borrower and/or Debtor or in connection with any proceeding involving Bank as a result of any financial accommodation to Borrower and/or Debtor; and all other costs of collecting Indebtedness, including without limit attorney fees. Debtor agrees to pay Bank all such costs incurred by the Bank, immediately upon demand, and until paid all costs shall bear interest at the highest per annum rate applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. Any reference in this Agreement to attorney fees shall be deemed a reference to reasonable fees, costs, and expenses of both in-house and outside counsel and paralegals, whether or not a suit or action is instituted, and to court costs if a suit or action is instituted, and whether attorney fees or court costs are incurred at the trial court level, on appeal, in a bankruptcy, administrative or probate proceeding or otherwise. References herein to the Credit Agreement are to the Credit Agreement dated as of November 14, 2002 between Amerigon Incorporated (“Borrower”) and Bank, as amended, modified or supplemented from time to time. Debtor further covenants, agrees and represents as follows:

1. **BSST Collateral** shall mean all of the following property Debtor now or later owns or has an interest in, wherever located:
 - (a) all Accounts Receivable (for purposes of this Agreement, “Accounts Receivable” consists of all accounts; general intangibles; chattel paper (including without limit electronic chattel paper and tangible chattel paper); contract rights; deposit accounts; documents; instruments; rights to payment evidenced by chattel paper, documents or instruments; health care insurance receivables; commercial tort claims; letters of credit; letter of credit rights; supporting obligations; and rights to payment for money or funds advanced or sold),
 - (b) all Inventory,
 - (c) all Equipment and Fixtures,
 - (d) all Software (for purposes of this Agreement, “Software” consists of all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by

becoming the owner of the goods, a person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded),

(e) specific items listed below and/or on attached Schedule A, if any, is/are also included in BSST Collateral:

- (f) all goods, instruments, documents, policies and certificates of insurance, deposits, money, investment property or other property (except real property which is not a fixture) which are now or later in possession or control of Bank, or as to which Bank now or later controls possession by documents or otherwise, and
- (g) all additions, attachments, accessions, parts, replacements, substitutions, renewals, interest, dividends, distributions, rights of any kind (including but not limited to stock splits, stock rights, voting and preferential rights), products, and proceeds of or pertaining to the above including, without limit, cash or other property which were proceeds and are recovered by a bankruptcy trustee or otherwise as a preferential transfer by Debtor.
- (h) the BSST Patent and Trademark Collateral (as defined in the BSST Patent and Trademark Security Agreement, dated as of November 14, 2002, between the Debtor and Bank).

In the definition of BSST Collateral, a reference to a type of collateral shall not be limited by a separate reference to a more specific or narrower type of that collateral.

Notwithstanding anything herein to the contrary, "BSST Collateral" shall not include any general intangible that is the subject of a written agreement which specifically prohibits assignment thereof or grant of a security interest therein but only to the extent of such prohibition, and only to the extent that the terms and provisions of such written agreement, document or instrument creating or evidencing such property or any rights relating thereto expressly prohibit the granting of a security interest therein or condition the granting of a security interest therein on the consent of a third party whose consent has not been obtained or would cause, or allow a third party to cause, forfeiture of such property upon the granting of a security interest therein or a breach under any written agreement relating thereto; provided, however, that immediately upon the effectiveness, lapse or termination of such provision, the BSST Collateral shall include, and Debtor shall be deemed to have granted a security interest in all such general intangibles as if such term had never been in effect.

2. Warranties, Covenants and Agreements. Debtor warrants, covenants and agrees as follows:

- 2.1 Debtor shall furnish to Bank, in form and at intervals as Bank may request, any information Bank may reasonably request and allow Bank to examine, inspect, and copy any of Debtor's books and records. Debtor shall, at the request of Bank, mark its records and the BSST Collateral to clearly indicate the security interest of Bank under this Agreement.
- 2.2 At the time any BSST Collateral becomes, or is represented to be, subject to a security interest in favor of Bank, Debtor shall be deemed to have warranted that, except as expressly provided in the Credit Agreement (a) Debtor is the lawful owner of the BSST Collateral and has the right and authority to subject it to a security interest granted to Bank; (b) none of the BSST Collateral is subject to any security interest other than that in favor of Bank and Permitted Liens (as defined in

- the Credit Agreement); (c) there are no financing statements on file, other than in favor of Bank and Permitted Liens; (d) no person, other than Bank, has possession or control (as defined in the Uniform Commercial Code) of any BSST Collateral of such nature that perfection of a security interest may be accomplished by control; and (e) Debtor acquired its rights in the BSST Collateral in the ordinary course of its business.
- 2.3 Debtor will keep the BSST Collateral free at all times from all claims, liens, security interests and encumbrances other than those in favor of Bank and Permitted Liens. Debtor will not, without the prior written consent of Bank, sell, transfer or lease, or permit to be sold, transferred or leased, any or all of the BSST Collateral, except for Inventory in the ordinary course of its business or as otherwise expressly permitted by the Credit Agreement. Bank or its representatives may at all reasonable times inspect the BSST Collateral and may enter upon all premises where the BSST Collateral is kept or might be located.
- 2.4 Debtor will do all acts and will execute or cause to be executed all writings requested by Bank to establish, maintain and continue an exclusive, perfected and first security interest of Bank in the BSST Collateral subject only to Permitted Liens. Debtor agrees that Bank has no obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Indebtedness.
- 2.5 Debtor will pay within the time that they can be paid without interest or penalty all taxes, assessments and similar charges which at any time are or may become a lien, charge, or encumbrance upon any BSST Collateral, except to the extent contested in good faith and bonded in a manner satisfactory to Bank. If Debtor fails to pay any of these taxes, assessments, or other charges in the time provided above, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest lawful default rate which could be charged by Bank on any Indebtedness.
- 2.6 Debtor will keep the BSST Collateral in good condition and will protect it from loss, damage, or deterioration from any cause in all material respects. Debtor has and will maintain at all times (a) with respect to the BSST Collateral, insurance under an "all risk" policy against fire and other risks customarily insured against, and (b) public liability insurance and other insurance as may be required by law or reasonably required by Bank, all of which insurance shall be in amount, form and content, and written by companies as may be satisfactory to Bank, containing a lender's loss payable endorsement acceptable to Bank. Debtor will deliver to Bank immediately upon demand evidence satisfactory to Bank that the required insurance has been procured. If Debtor fails to maintain satisfactory insurance, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank immediately upon demand, together with interest at the highest lawful default rate which could be charged by Bank on any Indebtedness.
- 2.7 On each occasion on which Debtor evidences to Bank the account balances on and the nature and extent of the Accounts Receivable, Debtor shall be deemed to have warranted that except as otherwise indicated (a) each of those Accounts Receivable is valid and enforceable without performance by Debtor of any act; (b) each of those account balances are in fact owing, (c) there are no setoffs, recoupments, credits, contra accounts, counterclaims or defenses asserted against any of those Accounts Receivable, (d) as to any Accounts Receivable represented by a note, trade acceptance, draft or other instrument or by any chattel paper or document, the same have been endorsed and/or delivered by Debtor to Bank, (e) Debtor has not received with respect to any Account Receivable, any notice of the death of the related account debtor, nor of the dissolution, liquidation, termination of existence, insolvency, business failure, appointment of a receiver for, assignment for the benefit of creditors by, or filing of a petition in bankruptcy by or against, the account debtor, and (f) as to each Account Receivable, except as has been disclosed to Bank, the account debtor is not an affiliate of Debtor, the United States of America or any department, agency or instrumentality of it, or a citizen or resident of any jurisdiction outside of the United States. Debtor will do all acts and will execute all writings reasonably requested by Bank to perform, enforce performance of, and collect all Accounts Receivable. Debtor shall neither make

- nor permit any material modification, compromise or substitution for any Account Receivable without the prior written consent of Bank. Debtor shall, at Bank's request, arrange for verification of Accounts Receivable directly with account debtors or by other methods acceptable to Bank.
- 2.8 Debtor at all times shall be in compliance in all material respects with all applicable laws, including without limit any laws, ordinances, directives, orders, statutes, or regulations an object of which is to regulate or improve health, safety, or the environment ("Environmental Laws") in all material respects.
- 2.9 If Bank, acting in its sole discretion, redelivers BSST Collateral to Debtor or Debtor's designee for the purpose of (a) the ultimate sale or exchange thereof; or (b) presentation, collection, renewal, or registration of transfer thereof; or (c) loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with it preliminary to sale or exchange; such redelivery shall be in trust for the benefit of Bank and shall not constitute a release of Bank's security interest in it or in the proceeds or products of it unless Bank specifically so agrees in writing. If Debtor requests any such redelivery, Debtor will deliver with such request if requested by Bank a duly executed financing statement in form and substance satisfactory to Bank. Any proceeds of BSST Collateral coming into Debtor's possession as a result of any such redelivery shall be held in trust for Bank and immediately delivered to Bank for application on the Indebtedness. Bank may (in its sole discretion) deliver any or all of the BSST Collateral to Debtor, and such delivery by Bank shall discharge Bank from all liability or responsibility for such BSST Collateral. Bank, at its option, may require delivery of any BSST Collateral to Bank at any time with such endorsements or assignments of the BSST Collateral as Bank may request.
- 2.10 At any time and without notice after the occurrence and during the continuance of an Event of Default, Bank may (a) cause any or all of the BSST Collateral to be transferred to its name or to the name of its nominees; (b) receive or collect by legal proceedings or otherwise all dividends, interest, principal payments and other sums and all other distributions at any time payable or receivable on account of the BSST Collateral, and hold the same as BSST Collateral, or apply the same to the Indebtedness, the manner and distribution of the application to be in the sole discretion of Bank; and (c) enter into any extension, subordination, reorganization, deposit, merger or consolidation agreement or any other agreement relating to or affecting the BSST Collateral, and deposit or surrender control of the BSST Collateral, and accept other property in exchange for the BSST Collateral and hold or apply the property or money so received pursuant to this Agreement. In addition, at any time and without notice, Bank may take such actions in its own name or in Debtor's name as Bank, in its sole discretion, deems necessary or appropriate to establish exclusive control (as defined in the Uniform Commercial Code) over any BSST Collateral of such nature that perfection of Bank's security interest may be accomplished by control.
- 2.11 Bank may assign any of the Indebtedness and deliver any or all of the BSST Collateral to its assignee, who then shall have with respect to BSST Collateral so delivered all the rights and powers of Bank under this Agreement, and after that Bank shall be fully discharged from all liability and responsibility with respect to BSST Collateral so delivered.
- 2.12 Debtor delivers this Agreement based solely on Debtor's independent investigation of (or decision not to investigate) the financial condition of Borrower and is not relying on any information furnished by Bank. Debtor assumes full responsibility for obtaining any further information concerning the Borrower's financial condition, the status of the Indebtedness or any other matter which the undersigned may deem necessary or appropriate now or later. Debtor waives any duty on the part of Bank, and agrees that Debtor is not relying upon nor expecting Bank to disclose to Debtor any fact now or later known by Bank, whether relating to the operations or condition of Borrower, the existence, liabilities or financial condition of any guarantor of the Indebtedness, the occurrence of any default with respect to the Indebtedness, or otherwise, notwithstanding any effect such fact may have upon Debtor's risk or Debtor's rights against Borrower. Debtor knowingly accepts the full range of risk encompassed in this Agreement, which risk includes without limit the possibility that Borrower may incur Indebtedness to Bank after the financial condition of Borrower, or Borrower's ability to pay debts as they mature, has deteriorated.

2.13 Debtor shall defend, indemnify and hold harmless Bank, its employees, agents, shareholders, affiliates, officers, and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind, including without limit consultant fees, legal expenses, and attorney fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any law that is or may be applicable to Debtor, including, without limit, Environmental Laws, or of any remediation relating to any property required by any law, including without limit Environmental Laws.

3. Collection of Proceeds.

- 3.1 Debtor agrees to collect and enforce payment of all BSST Collateral until Bank shall direct Debtor to the contrary. Immediately upon notice to Debtor by Bank after the occurrence and during the continuance of an Event of Default (as defined in Section 4.1 hereof) and at all times after that, Debtor agrees to fully and promptly cooperate and assist Bank in the collection and enforcement of all BSST Collateral and to hold in trust for Bank all payments received in connection with BSST Collateral and from the sale, lease or other disposition of any BSST Collateral, all rights by way of suretyship or guaranty and all rights in the nature of a lien or security interest which Debtor now or later has regarding BSST Collateral. Immediately upon and after such notice, Debtor agrees to (a) endorse to Bank and immediately deliver to Bank all payments received on BSST Collateral or from the sale, lease or other disposition of any BSST Collateral or arising from any other rights or interests of Debtor in the BSST Collateral, in the form received by Debtor without commingling with any other funds, and (b) immediately deliver to Bank all property in Debtor's possession or later coming into Debtor's possession through enforcement of Debtor's rights or interests in the BSST Collateral. Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment for any BSST Collateral, and to do any and all things necessary in order to reduce these items to money. Bank shall have no duty as to the collection or protection of BSST Collateral or the proceeds of it, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of BSST Collateral in the possession of Bank. Debtor agrees to take all steps necessary to preserve rights against prior parties with respect to the BSST Collateral. Nothing in this Section 3.1 shall be deemed a consent by Bank to any sale, lease or other disposition of any BSST Collateral.
- 3.2 Debtor agrees that immediately upon Bank's request (whether or not any Event of Default exists) the Indebtedness shall be on a "remittance basis" as follows: Debtor shall at its sole expense establish and maintain (and Bank, at Bank's option may establish and maintain at Debtor's expense): (a) an United States Post Office lock box (the "Lock Box"), to which Bank shall have exclusive access and control. Debtor expressly authorizes Bank, from time to time, to remove contents from the Lock Box, for disposition in accordance with this Agreement. Debtor agrees to notify all account debtors and other parties obligated to Debtor that all payments made to Debtor (other than payments by electronic funds transfer) shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices; and (b) a non-interest bearing deposit account with Bank which shall be titled as designated by Bank (the "Cash Collateral Account") to which Bank shall have exclusive access and control. Debtor agrees to notify all account debtors and other parties obligated to Debtor that all payments made to Debtor by electronic funds transfer shall be remitted to the Cash Collateral Account, and Debtor, at Bank's request, shall include a like statement on all invoices. Debtor shall execute all documents and authorizations as required by Bank to establish and maintain the Lock Box and the Cash Collateral Account.
- 3.3 All items or amounts which are remitted to the Lock Box, to the Cash BSST Collateral Account, or otherwise delivered by or for the benefit of Debtor to Bank on account of partial or full payment of, or with respect to, any BSST Collateral shall, at Bank's sole option, (a) be applied to the

payment of the Indebtedness, whether then due or not, in such order or at such time of application as Bank may determine in its sole discretion, or, (b) be deposited to the Cash Collateral Account; provided, however, unless an Event of Default has occurred and is continuing, such items and amounts shall be applied as specified in clause (a) above. Debtor agrees that Bank shall not be liable for any loss or damage which Debtor may suffer as a result of Bank's processing of items or its exercise of any other rights or remedies under this Agreement, including without limitation indirect, special or consequential damages, loss of revenues or profits, or any claim, demand or action by any third party arising out of or in connection with the processing of items or the exercise of any other rights or remedies under this Agreement. Debtor agrees to indemnify and hold Bank harmless from and against all such third party claims, demands or actions, and all related expenses or liabilities, including, without limitation, attorney fees.

4. Defaults, Enforcement and Application of Proceeds.

- 4.1 Upon the occurrence and during the continuance of any of the following events (each an "Event of Default"), Debtor shall be in default under this Agreement:
- (a) Any failure to pay the Indebtedness or any other indebtedness when due, or such portion of it as may be due, by acceleration or otherwise and continuance beyond any applicable period of cure; or
 - (b) Any failure or neglect to comply with, or breach of or default under, any term of this Agreement and continuance thereof for fifteen (15) days after notice thereof by Bank to Debtor (provided that such notice and cure provisions shall not apply to defaults under Sections 2.3 or 2.6), or any other agreement or commitment between Borrower, Debtor, or any guarantor of any of the Indebtedness ("Guarantor") and Bank and continuance beyond any applicable period of cure; or
 - (c) Any warranty, representation, financial statement, or other information made, given or furnished to Bank by or on behalf of Borrower, Debtor, or any Guarantor shall be, or shall prove to have been, false or materially misleading when made, given, or furnished in any material respect; or
 - (d) Any loss, theft, substantial damage or destruction to or of any BSST Collateral in any material respect, or the issuance or filing of any attachment, levy, garnishment or the commencement of any proceeding in connection with any BSST Collateral in excess of Ten Thousand Dollars (\$10,000); or
 - (e) Sale or other disposition by Borrower, Debtor, or any Guarantor of any substantial portion of its assets or property or voluntary suspension of the transaction of business by Borrower, Debtor, or any Guarantor, or death, dissolution, termination of existence, merger, consolidation, insolvency, business failure, or assignment for the benefit of creditors of or by Borrower, Debtor, or any Guarantor; or commencement of any proceedings under any state or federal bankruptcy or insolvency laws or laws for the relief of debtors by or against Borrower, Debtor, or any Guarantor; or the appointment of a receiver, trustee, court appointee, sequestrator or otherwise, for all or any part of the property of Borrower, Debtor, or any Guarantor; or
 - (f) An event of default shall occur and be continuing under the Credit Agreement or any instrument, agreement or other document evidencing, securing or otherwise relating to any of the Indebtedness.
- 4.2 Upon the occurrence and during the continuance of any Event of Default, Bank may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be immediately due and payable, and shall have and may exercise any one or more of the following rights and remedies:

- (a) Exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;
- (b) Institute legal proceedings to foreclose upon the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any BSST Collateral or the proceeds of any sale of it;
- (c) Institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all BSST Collateral; and/or
- (d) Personally or by agents, attorneys, or appointment of a receiver, enter upon any premises where BSST Collateral may then be located, and take possession of all or any of it and/or render it unusable; and without being responsible for loss or damage to such BSST Collateral, hold, operate, sell, lease, or dispose of all or any BSST Collateral at one or more public or private sales, leaseings or other disposition, at places and times and on terms and conditions as Bank may deem fit, without any previous demand or advertisement; and except as provided in this Agreement, all notice of sale, lease or other disposition, and advertisement, and other notice or demand, any right or equity of redemption, and any obligation of a prospective purchaser or lessee to inquire as to the power and authority of Bank to sell, lease, or otherwise dispose of the BSST Collateral or as to the application by Bank of the proceeds of sale or otherwise, which would otherwise be required by, or available to Debtor under, applicable law are expressly waived by Debtor to the fullest extent permitted.

At any sale pursuant to this Section 4.2, whether under the power of sale, by virtue of judicial proceedings or otherwise, it shall not be necessary for Bank or a public officer under order of a court to have present physical or constructive possession of BSST Collateral to be sold. The recitals contained in any conveyances and receipts made and given by Bank or the public officer to any purchaser at any sale made pursuant to this Agreement shall, to the extent permitted by applicable law, conclusively establish the truth and accuracy of the matters stated (including, without limit, as to the amounts of the principal of and interest on the Indebtedness, the accrual and nonpayment of it and advertisement and conduct of the sale); and all prerequisites to the sale shall be presumed to have been satisfied and performed. Upon any sale of any BSST Collateral, the receipt of the officer making the sale under judicial proceedings or of Bank shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obligated to see to the application of the money. Any sale of any BSST Collateral under this Agreement shall be a perpetual bar against Debtor with respect to that BSST Collateral. At any sale or other disposition of BSST Collateral pursuant to this Section 4.2, Bank disclaims all warranties which would otherwise be given under the Uniform Commercial Code, including without limit a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Bank may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable.

- 4.3 Debtor shall at the request of Bank, notify the account debtors or obligors of Bank's security interest in the BSST Collateral and direct payment of it to Bank. Bank may, itself, upon the occurrence and during the continuance of any Event of Default so notify and direct any account debtor or obligor. At the request of Bank, whether or not an Event of Default shall have occurred, Debtor shall immediately take such actions as Bank shall request to establish exclusive control (as defined in the Uniform Commercial Code) by Bank over any BSST Collateral which is of such a nature that perfection of a security interest may be accomplished by control.
- 4.4 The proceeds of any sale or other disposition of BSST Collateral authorized by this Agreement shall be applied by Bank first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorney fees and legal expenses incurred by Bank; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest,

then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand. Debtor agrees that Bank shall be under no obligation to accept any noncash proceeds in connection with any sale or disposition of BSST Collateral unless failure to do so would be commercially unreasonable. If Bank agrees in its sole discretion to accept noncash proceeds (unless the failure to do so would be commercially unreasonable), Bank may ascribe any commercially reasonable value to such proceeds. Without limiting the foregoing, Bank may apply any discount factor in determining the present value of proceeds to be received in the future or may elect to apply proceeds to be received in the future only as and when such proceeds are actually received in cash by Bank.

- 4.5 Nothing in this Agreement is intended, nor shall it be construed, to preclude Bank from pursuing any other remedy provided by law for the collection of the Indebtedness or for the recovery of any other sum to which Bank may be entitled for the breach of this Agreement by Debtor. Nothing in this Agreement shall reduce or release in any way any rights or security interests of Bank contained in any existing agreement between Borrower, Debtor, or any Guarantor and Bank.
- 4.6 No waiver of default or consent to any act by Debtor shall be effective unless in writing and signed by an authorized officer of Bank. No waiver of any default or forbearance on the part of Bank in enforcing any of its rights under this Agreement shall operate as a waiver of any other default or of the same default on a future occasion or of any rights.
- 4.7 Debtor (a) irrevocably appoints Bank or any agent of Bank (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) in the name, place and stead of, and at the expense of, Debtor and (b) authorizes Bank or any agent of Bank, in its own name, at Debtor's expense, to do any of the following, as Bank, in its sole discretion, deems appropriate:
- (i) to demand, receive, sue for, and give receipts or acquaintances for any moneys due or to become due on any BSST Collateral (including without limit to draft against BSST Collateral) and to endorse any item representing any payment on or proceeds of the BSST Collateral;
 - (ii) to execute and file in the name of and on behalf of Debtor all financing statements or other filings deemed necessary or desirable by Bank to evidence, perfect, or continue the security interests granted in this Agreement; and
 - (iii) to do and perform any act on behalf of Debtor permitted or required under this Agreement.
- 4.8 Upon the occurrence and during the continuance of an Event of Default, Debtor also agrees, upon request of Bank, to assemble the BSST Collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Debtor.
- 4.9 The following shall be the basis for any finder of fact's determination of the value of any BSST Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9.615 (f) of the Uniform Commercial Code (as in effect on or after July 1, 2001) to the extent permitted by applicable law: (a) the BSST Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such BSST Collateral will be repaired or improved in any manner; (b) the valuation shall be based upon an assumption that the transferee of such BSST Collateral desires a resale of the BSST Collateral for cash promptly (but no later than 30 days) following the disposition; (c) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such BSST Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorneys' fees, whether inside or outside counsel is used, and marketing costs; (d) the value of the BSST

Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such BSST Collateral pending sale (to the extent not accounted for in (c) above), and other maintenance, operational and ownership expenses; and (e) any expert opinion testimony given or considered in connection with a determination of the value of such BSST Collateral must be given by persons having at least 5 years experience in appraising property similar to the BSST Collateral and who have conducted and prepared a complete written appraisal of such BSST Collateral taking into consideration the factors set forth above. The "value" of any such BSST Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9-615(f) of the Uniform Commercial Code.

5. Miscellaneous.

- 5.1 Until Bank is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the first address indicated in Section 5.15 below.
- 5.2 Debtor will give Bank not less than 30 days prior written notice of all contemplated changes in Debtor's name, location, chief executive office, principal place of business, and/or location of any BSST Collateral, but the giving of this notice shall not cure any Event of Default caused by this change.
- 5.3 Bank assumes no duty of performance or other responsibility under any contracts contained within the BSST Collateral.
- 5.4 Bank has the right to sell, assign, transfer, negotiate or grant participations or any interest in, any or all of the Indebtedness and any related obligations, including without limit this Agreement. In connection with the above, but without limiting its ability to make other disclosures to the full extent allowable, Bank may disclose all documents and information which Bank now or later has relating to Debtor, the Indebtedness or this Agreement, however obtained. Debtor further agrees that Bank may provide information relating to this Agreement or relating to Debtor to the Bank's parent, affiliates, subsidiaries, and service providers.
- 5.5 In addition to Bank's other rights, any indebtedness owing from Bank to Debtor can be set off and applied by Bank on any Indebtedness at any time(s) either before or after maturity or demand without notice to anyone. Any such action shall not constitute an acceptance of collateral in discharge of the Indebtedness.
- 5.6 Debtor, to the extent not expressly prohibited by applicable law, waives any right to require the Bank to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Borrower or any other person, or otherwise comply with the provisions of Sections 9-611 or 9-621 of the Uniform Commercial Code; or (c) pursue any other remedy in the Bank's power. Debtor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Indebtedness, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Indebtedness, and agree(s) that the Bank may, once or any number of times, modify the terms of any Indebtedness, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any or all Indebtedness, or permit Borrower to incur additional Indebtedness, all without notice to Debtor and without affecting in any manner the unconditional obligation of Debtor under this Agreement. Debtor unconditionally and irrevocably waives each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of Debtor under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from Debtor now or later securing the Indebtedness, and acknowledges that as of the date of this Agreement no such defense or setoff exists.

- 5.7 Debtor waives any and all rights (whether by subrogation, indemnity, reimbursement or otherwise) to recover from Borrower any amounts paid or the value of any Collateral given by Debtor pursuant to this Agreement or the Guaranty.
- 5.8 In the event that applicable law shall obligate Bank to give prior notice to Debtor of any action to be taken under this Agreement, Debtor agrees that a written notice given to Debtor at least ten days before the date of the act shall be reasonable notice of the act and, specifically, reasonable notification of the time and place of any public sale or of the time after which any private sale, lease, or other disposition is to be made, unless a shorter notice period is reasonable under the circumstances. A notice shall be deemed to be given under this Agreement when delivered to Debtor or two days after being placed in an envelope addressed to Debtor and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service or delivered to an overnight courier. The mailing shall be by overnight courier, certified, or first class mail.
- 5.9 Notwithstanding any prior revocation, termination, surrender, or discharge of this Agreement in whole or in part, the effectiveness of this Agreement shall automatically continue or be reinstated in the event that any payment received or credit given by Bank in respect of the Indebtedness is returned, disgorged, or rescinded under any applicable law, including, without limitation, bankruptcy or insolvency laws, in which case this Agreement, shall be enforceable against Debtor as if the returned, disgorged, or rescinded payment or credit had not been received or given by Bank, and whether or not Bank relied upon this payment or credit or changed its position as a consequence of it. In the event of continuation or reinstatement of this Agreement, Debtor agrees upon demand by Bank to execute and deliver to Bank those documents which Bank determines are appropriate to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of Debtor to do so shall not affect in any way the reinstatement or continuation.
- 5.10 This Agreement and all the rights and remedies of Bank under this Agreement shall inure to the benefit of Bank's successors and assigns and to any other holder who derives from Bank title to or an interest in the Indebtedness or any portion of it, and shall bind Debtor and the heirs, legal representatives, successors, and assigns of Debtor. Nothing in this Section 5.10 is deemed a consent by Bank to any assignment by Debtor.
- 5.11 If there is more than one Debtor, all undertakings, warranties and covenants made by Debtor and all rights, powers and authorities given to or conferred upon Bank are made or given jointly and severally.
- 5.12 Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code, as those meanings may be amended, revised or replaced from time to time. "Uniform Commercial Code" means Act No. 174 of the Michigan Public Acts of 1962, as amended, revised or replaced from time to time, including without limit as amended by Act No. 348 of the Michigan Public Acts of 2000. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Uniform Commercial Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Uniform Commercial Code in effect on the date of this Agreement, then such term, as used herein, shall be given such broadened meaning. If the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the Uniform Commercial Code in effect on the date of this Agreement, such amendment or holding shall be disregarded in defining terms used in this Agreement.

- 5.13 No single or partial exercise, or delay in the exercise, of any right or power under this Agreement, shall preclude other or further exercise of the rights and powers under this Agreement. The unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement. This Agreement constitutes the entire agreement of Debtor and Bank with respect to the subject matter of this Agreement. No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by Debtor and an authorized officer of Bank. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan, without regard to conflict of laws principles.
- 5.14 To the extent that any of the Indebtedness is payable upon demand, nothing contained in this Agreement shall modify the terms and conditions of that Indebtedness nor shall anything contained in this Agreement prevent Bank from making demand, without notice and with or without reason, for immediate payment of any or all of that Indebtedness at any time(s), whether or not an Event of Default has occurred.
- 5.15 Debtor represents and warrants that Debtor's exact name is the name set forth in this Agreement. Debtor further represents and warrants the following and agrees that Debtor is, and at all times shall be, located in the following place [mark applicable provision]:
- Debtor is an individual, and Debtor is located (as determined pursuant to the Uniform Commercial Code) at Debtor's principal residence which is (street address, state and county or parish):_____.
 - Debtor is a registered organization which is organized under the laws of one of the states comprising the United States (e.g. corporation, limited partnership, registered limited liability partnership or limited liability company), and Debtor is located (as determined pursuant to the Uniform Commercial Code) in the state under the laws of which it was organized, which is (street address, state and county or parish): Delaware.
 - Debtor is a domestic organization which is not a registered organization under the laws of the United States or any state thereof (e.g. general partnership, joint venture, trust, estate or association), and Debtor is located (as determined pursuant to the Uniform Commercial Code) at its sole place of business or, if it has more than one place of business, at its chief executive office, which is (street address, state and county or parish):_____.
 - Debtor is a registered organization organized under the laws of the United States, and Debtor is located in the state that United States law designates as its location or, if United States law authorizes the Debtor to designate the state for its location, the state designated by Debtor, or if neither of the foregoing are applicable, at the District of Columbia. Debtor is located (as determined pursuant to the Uniform Commercial Code) at (street address, state and county or parish):_____.
 - Debtor is a foreign individual or foreign organization or a branch or agency of a bank that is not organized under the laws of the United States or a state thereof. Debtor is located (as determined pursuant to the Uniform Commercial Code) at:_____.
- If BSST Collateral is located at other than the address specified above, such BSST Collateral is located and shall be maintained at

STREET ADDRESS

CITY

STATE

ZIP CODE

COUNTY

BSST Collateral shall be maintained only at the locations identified in this Section 5.15.

5.16 A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Bank in any filing office.

5.17 This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Uniform Commercial Code, but the obligations contained in Section 2.13 of this Agreement shall survive termination.

6. DEBTOR AND BANK ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.

7. **Special Provisions Application to this Agreement.** (*None, if left blank)

Debtor:

BSST LLC
DEBTOR NAME TYPED/PRINTED

By: /s/ Lon E. Bell

SIGNATURE OF

Its: President
TITLE (if applicable)

By: _____

SIGNATURE OF

Its: _____

TITLE (if applicable)

**PATENT AND TRADEMARK SECURITY AGREEMENT
BY BSST IN FAVOR OF
COMERICA BANK DATED AS OF NOVEMBER 14, 2002
PATENT AND TRADEMARK SECURITY AGREEMENT**

PATENT AND TRADEMARK SECURITY AGREEMENT, dated as of November 14, 2002, made by BSST LLC, a Delaware limited liability company (the "Grantor") in favor of COMERICA BANK, a Michigan banking corporation (the "Bank").

WITNESSETH:

WHEREAS, Amerigon Incorporated ("Borrower") is a party to the Credit Agreement dated as of the date hereof (the "Credit Agreement") between the Bank and Borrower;

WHEREAS, Grantor has guaranteed certain obligations of Borrower to the Bank under a Guaranty dated as of the date hereof (as amended or modified from time to time, the "Guaranty");

WHEREAS, the Grantor owns certain Trademarks (as defined below) and Trademark Licenses (as defined below) listed on Schedule I attached hereto;

WHEREAS, the Grantor owns certain Patents (as defined below) and Patent Licenses (as defined below) listed on Schedule II attached hereto;

WHEREAS, it is a condition precedent to the obligation of the Bank to make credit advances to the Borrower under the Credit Agreement that the Grantor shall have executed and delivered this Agreement to the Bank;

NOW, THEREFORE, in consideration of the premises and to induce the Bank to enter into the Credit Agreement and to make advances to the Borrower thereunder and under the Note (as defined below), the Grantor hereby agrees with the Bank, as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, capitalized terms defined in the Credit Agreement are used herein as defined therein. The following terms shall have the following meanings:

"Agreement": this Patent and Trademark Security Agreement, as the same may be amended, supplemented, waived or otherwise modified from time to time.

"BSST Patent and Trademark Collateral": as defined in Section 2 of this Agreement.

“Code”: the Uniform Commercial Code as from time to time in effect in the State of Michigan.

“Event of Default”: any default or event of default described in Section 7 of the Credit Agreement and lapse of any applicable grace and/or cure periods.

“General Intangibles” as defined in the Code, including, without limitation, all Patents and Trademarks now or hereafter owned by the Grantor to the extent such Patents and Trademarks would be included in General Intangibles under the Code.

“Lien”: any lien, security interest, pledge, encumbrance or other similar charge, whether voluntary or involuntary and however created.

“Note”: the collective reference to the notes issued pursuant to the Credit Agreement and any modifications, amendments, renewals or extensions thereof.

“Obligations”: all obligations and liabilities of the Grantor to the Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, including, without limitation, obligations and liabilities which may arise under, out of, or in connection with, the Guaranty or any other document made, delivered or given by Grantor to the Bank in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all reasonable fees and disbursements of counsel to the Bank).

“Patent License”: all United States license agreements with any other person in connection with any of the Patents or such other person’s patents, whether the Grantor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule II hereto and made a part hereof, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Patents”: all United States patents, patent applications including, without limitation, all patents and patent applications identified in Schedule II attached hereto and made a part hereof, and including without limitation (a) all inventions and improvements described and claimed therein, (b) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (d) all rights corresponding thereto in the United States and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (Patents and Patent Licenses being, collectively, the “Patent Collateral”).

“Trademark License”: all United States license agreements with any other person in connection with any of the Trademarks or such other person’s names or trademarks, whether the Grantor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule I hereto and made a part hereof, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

“Trademarks”: all trademarks, service marks, trademark and service mark registrations, and applications for trademark or service mark registrations (except for “intent to use” applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified in Schedule I attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto in the United States and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (Trademarks and Trademark Licenses being, collectively, the “Trademark Collateral”).

(b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and paragraph references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Grantor hereby assigns, pledges and grants to the Bank a security interest in all of the following property now owned or at any time hereafter acquired by the Grantor or in which the Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the “BSST Patent and Trademark Collateral”):

- (i) all Trademarks;

- (ii) all Trademark Licenses;
- (iii) all Patents;
- (iv) all Patent Licenses;
- (v) all general intangibles connected with the use of or symbolized by the Trademarks and Patents; and
- (vi) to the extent not otherwise included, all proceeds and products of any and all of the foregoing;

Notwithstanding anything herein to the contrary, "BSST Patent and Trademark Collateral" shall not include any general intangible that is the subject of a written agreement which specifically prohibits assignment thereof or grant of a security interest therein but only to the extent of such prohibition, and only to the extent that the terms and provisions of such written agreement, document or instrument creating or evidencing such property or any rights relating thereto expressly prohibit the granting of a security interest therein or condition the granting of a security interest therein on the consent of a third party whose consent has not been obtained or would cause, or allow a third party to cause, forfeiture of such property upon the granting of a security interest therein or a breach under any written agreement relating thereto; provided, however, that immediately upon the effectiveness, lapse or termination of such provision, the BSST Patent and Trademark Collateral shall include, and Grantor shall be deemed to have granted a security interest in all such general intangibles as if such term had never been in effect.

3. Grantor Remains Liable; Limitations on Bank's Obligations. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the BSST Patent and Trademark Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Bank of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the BSST Patent and Trademark Collateral, and (c) the Bank shall not have any obligation or liability under the contracts and agreements included in the BSST Patent and Trademark Collateral by reason of this Agreement, nor shall the Bank be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Representations and Warranties. The Grantor represents and warrants as follows:

(a) Title; No Other Liens. Except for the Liens granted to the Bank and the Permitted Liens under the Credit Agreement, the Grantor is (or, in the case of after-acquired BSST Patent and Trademark Collateral, will be) the sole, legal and beneficial owner of the entire right, title and interest in and to the Trademarks set forth on Schedule I hereto and the Patents set forth in Schedule II hereto free and clear of any and all Liens. No security agreement, financing

statement or other public notice similar in effect with respect to all or any part of the BSST Patent and Trademark Collateral is on file or of record in any public office (including, without limitation, the United States Patent and Trademark Office) except such as may have been filed in favor of the Bank pursuant to this Agreement and Permitted Liens.

(b) Perfected First Priority Liens.

- (i) This Agreement is effective to create, as collateral security for the Obligations, valid and enforceable Liens on the BSST Patent and Trademark Collateral in favor of the Bank, subject to Permitted Liens.
- (ii) Upon filing of the financing statements delivered to the Bank (and the recording of this Agreement in the United States Patent and Trademark Office), the Liens created pursuant to this Agreement will constitute valid and perfected Liens on the BSST Patent and Trademark Collateral in favor of the Bank, which Liens, subject to Permitted Liens, will be prior to all other Liens on the BSST Patent and Trademark Collateral, and which Liens are enforceable as such against all creditors of and purchasers (except to the extent that the recording of an assignment or other transfer of title to the Bank in the United States Patent and Trademark Office may be necessary for such enforceability) from the Grantor, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(c) Consents. Except as disclosed in Schedule III attached hereto, no consent of any party (other than such Grantor) to any Patent License or Trademark License constituting BSST Patent and Trademark Collateral is required, or purports to be required, to be obtained by or on behalf of such Grantor in connection with the execution, delivery and performance of this Agreement that has not been obtained. Each Patent License and Trademark License constituting BSST Patent and Trademark Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the Grantor and (to the knowledge of the Grantor) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent Licenses or Trademark Licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect. Neither the Grantor nor (to the knowledge of the Grantor) any other party to any Patent License or Trademark License constituting BSST Patent and Trademark Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse effect on the value of the BSST Patent and Trademark Collateral. The right, title and interest of the Grantor in, to and under each Patent License and Trademark License constituting BSST Patent and Trademark Collateral are not subject to any material defense, offset, counterclaim or claim.

(d) Schedules I and II are Complete; All Filings Have Been Made. Set forth in Schedules I and H is a complete and accurate list of the Trademarks and Patents owned by the Grantor as of the date hereof. The Grantor has made all necessary filings and recordations to protect and maintain its interest in the Trademarks and Patents set forth in Schedules I and II, including, without limitation, all necessary filings and recordings, and payments of all maintenance fees, in the United States Patent and Trademark Office to the extent such Trademarks and Patents are material to the Grantor's business. Set forth in Schedules I and II is a complete and accurate list of all of the material Trademark Licenses and Patent Licenses owned by the Grantor as of the date hereof.

(e) The Trademarks and Trademark Licenses are Subsisting and Not Adjudged Invalid. As of the date hereof, each material trademark registration and trademark application of the Grantor set forth in Schedule I is subsisting as of the date hereof and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid, registrable and enforceable. As of the date hereof, each of the Trademark Licenses set forth in Schedule I is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid and enforceable. As of the date hereof, the Grantor has notified the Bank in writing of all uses of any item of Trademark Collateral of which the Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such BSST Patent and Trademark Collateral.

(f) The Patent and Patent Licenses are Subsisting and Not Adjudged Invalid. As of the date hereof, each material Patent and patent application of the Grantor set forth in Schedule II is subsisting and has not been adjudged invalid, unpatentable or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid, patentable and enforceable. As of the date hereof, each of the material Patent Licenses set forth in Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid and enforceable. As of the date hereof, the Grantor has notified the Bank in writing of all uses of any item of Patent Collateral material to the Grantor's business of which the Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(g) No Previous Assignments or Releases. Except as expressly permitted by the Credit Agreement and such as may have been filed in favor of Bank relating to this Agreement, no effective financing statement or other instrument similar in effect covering all or any part of the BSST Patent and Trademark Collateral is on file in any filing or recording office.

(h) Proper Statutory Notice. The Grantor has marked its products with the trademark registration symbol the numbers of all appropriate patents, the common law trademark symbol or the designation "patent pending," as the case may be, to the extent that it is reasonably and commercially practicable, in all material respects.

(i) No Knowledge of Claims Likely to Arise. After reasonably inquiry, Grantor is not aware of any pending or threatened claim by any third party that any of the Borrower Patent and Trademark Collateral owned, held or used by such Grantor is invalid or unenforceable.

(j) No Knowledge of Existing or Threatened Claims. No claim has been made and is continuing or, to the best of the Grantor's knowledge, threatened that the use by the Grantor of any item of material BSST Patent and Trademark Collateral is invalid or unenforceable or that the use by the Grantor of any material BSST Patent and Trademark Collateral does or may violate the rights of any person. To the best of the Grantor's knowledge, there is currently no infringement or unauthorized use of any item of material BSST Patent and Trademark Collateral contained on Schedules I and II.

5. Covenants. The Grantor covenants and agrees with the Bank that, from and after the date of this Agreement until the payment in full of the Obligations:

(a) Further Documentation; Pledge of Instruments and Chattel Paper. At any time and from time to time, upon the written request of the Bank or the Grantor, as the case may be, and at the sole expense of the Grantor, the Grantor or the Bank, as the case may be, will promptly and duly execute and deliver such further instruments and documents and take such further action as the Bank or the Grantor may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code in effect in any jurisdiction with respect to the Liens created hereby. The Grantor also hereby authorizes the Bank to file any such financing or continuation statement without the signature of the Grantor to the extent permitted by applicable law. A carbon, photostatic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction. The Bank agrees to notify the Grantor and the Grantor agrees to notify the Bank of any financing or continuation statement filed by it pursuant to this Section 5(a), provided that any failure to give any such notice shall not affect the validity or effectiveness of any such filing.

(b) Indemnification and Expenses. The Grantor agrees to pay, and to save the Bank harmless from, any and all liabilities and reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from, any delay by the Grantor in complying with any material requirement of law applicable to any of the BSST Patent and Trademark Collateral, or (ii) in connection with any of the transactions contemplated by this Agreement, provided that such indemnity shall not be available to the extent that such liabilities, costs and expenses resulted from the gross negligence or willful misconduct of the Bank. In any suit, proceeding or action brought by the Bank under any of the BSST Patent and Trademark Collateral for any sum owing thereunder, or to enforce any of the BSST Patent and Trademark Collateral, the Grantor will save, indemnify and keep the Bank harmless from and against all expense, loss or damage suffered by reason of any defense or counterclaim raised in any such suit, proceeding or action.

(c) Maintenance of Records. (i) The Grantor will keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Collateral, and shall mark such records to evidence this Agreement and the Liens and the security interests created hereby. For the Bank's further security, the Bank shall have a security interest in all of the Grantor's books and records pertaining to the BSST Patent and Trademark Collateral, and the Grantor shall permit the Bank or its representatives to review such books and records upon reasonable advance notice during normal business hours at the location where such books and records are kept and at the reasonable request of the Bank.

(d) Right of Inspection. Upon reasonable advance notice to the Grantor and at reasonable intervals, the Bank and its respective representatives shall have reasonable access during normal business hours to all the books, correspondence and records of the Grantor, and the Bank and its respective representatives may examine the same, and to the extent reasonable take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Bank, at the Grantor's reasonable cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

(e) Compliance with Laws, etc. The Grantor will comply in all material respects with all requirements of law applicable to the BSST Patent and Trademark Collateral or any part thereof, except to the extent that the failure to so comply would not be reasonably expected to materially adversely affect in the aggregate the Bank's rights hereunder, the priority of its Liens on the BSST Patent and Trademark Collateral or the value of the BSST Patent and Trademark Collateral.

(f) Further Identification of BSST Patent and Trademark Collateral. The Grantor will furnish to the Bank from time to time such statements and schedules further identifying and describing the BSST Patent and Trademark Collateral, and such other reports in connection with the BSST Patent and Trademark Collateral, as the Bank may reasonably request, all in reasonable detail.

(g) Security Interest in Any Newly Acquired BSST Patent and Trademark Collateral. The Grantor agrees that should it obtain an ownership interest in any Trademark, Patent, Trademark License or Patent License which is not now a part of the BSST Patent and Trademark Collateral, (i) the provisions of Section 2 shall automatically apply thereto, (ii) any such Trademark, Patent, Trademark License and Patent License shall automatically become part of the BSST Patent and Trademark Collateral, and (iii) with respect to any ownership interest in any Trademark, Patent, Trademark License or Patent License that the Grantor should obtain which the Grantor reasonably deems is material to its business, it shall give notice thereof to the Bank in writing, in reasonable detail, within 30 days after acquiring such ownership interest. The Grantor authorizes the Bank to modify this Agreement by amending Schedules I and II (and will cooperate reasonably with the Bank in effecting any such amendment) to include on Schedule I any Trademark and Trademark License and on Schedule II any Patent or Patent License of which it receives notice under this Section.

(h) Maintenance of the Trademark Collateral. The Grantor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office

or in any court, to (i) maintain each trademark registration and each Trademark License identified on Schedule I hereto, and (ii) pursue each trademark application now or hereafter identified in Schedule I hereto, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, and the participation in opposition, cancellation, infringement and misappropriation proceedings, except, in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. The Grantor agrees to take corresponding steps with respect to each new or acquired trademark registration, trademark application or any rights obtained under any Trademark License, in each case, which it is now or later becomes entitled, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Grantor.

(i) Maintenance of the Patent Collateral. The Grantor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each Patent and each Patent License identified on Schedule II hereto, and (ii) pursue each patent application, now or hereafter identified in Schedule II hereto, including, without limitation, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. The Grantor agrees to take corresponding steps with respect to each new or acquired Patent, patent application, or any rights obtained under any Patent License, in each case, which it is now or later becomes entitled, except in each case in which the Grantor has reasonably determined that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Grantor.

(j) Grantor Shall Not Abandon any BSST Patent and Trademark Collateral. The Grantor shall not abandon any trademark registration, Patent or any pending trademark or patent application, without the written consent of the Bank, unless the Grantor shall have previously determined that such use or the pursuit or maintenance of such trademark registration, Patent or pending trademark or patent application is not of material economic value to it, in which case, the Grantor will, at least annually, give notice of any such abandonment to the Bank in writing.

(k) Infringement of Any BSST Patent and Trademark Collateral. In the event that the Grantor becomes aware that any item of the BSST Patent and Trademark Collateral which the Grantor has reasonably determined to be material to its business is infringed or misappropriated by a third party, the Grantor shall promptly notify the Bank promptly and in writing, in reasonable detail, and shall take such actions as the Grantor or the Bank deems reasonably appropriate under the circumstances to protect such BSST Patent and Trademark Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Grantor. The Grantor will advise the Bank promptly and in writing, in reasonable detail, of any adverse determination or the institution of any proceeding

(including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the BSST Patent and Trademark Collateral.

(l) Limitation on Liens on BSST Patent and Trademark Collateral. Except for the Permitted Liens, the Grantor will not create, incur or permit to exist, will defend the BSST Patent and Trademark Collateral against, and will take such other action as is reasonably necessary to remove, any Lien or material adverse claim on or to any of the BSST Patent and Trademark Collateral, other than the liens created by this Agreement, and will defend the right, title and interest of the Bank in and to any of the BSST Patent and Trademark Collateral against the claims and demands of all persons whomsoever.

(m) Limitations on Dispositions of BSST Patent and Trademark Collateral. Except as permitted pursuant to the Credit Agreement, the Grantor will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the BSST Patent and Trademark Collateral, or attempt, offer or contract to do so.

(n) Notices. The Grantor will advise the Bank promptly, in reasonable detail, (i) of any Lien (other than Liens created hereby) on, or material adverse claim asserted against, Patents or Trademarks and (ii) of the occurrence of any other event which would reasonably be expected in the aggregate to have a material adverse effect on the aggregate value of the BSST Patent and Trademark Collateral or the Liens created hereunder.

6. Bank's Appointment as Attorney-in-Fact.

(a) Powers. The Grantor hereby irrevocably constitutes and appoints the Bank, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name, from time to time in the Bank's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Grantor hereby gives the Bank the power and right, on behalf of the Grantor, without notice to or assent by the Grantor, to do the following at any time, and to the extent permitted by law:

(i) to execute and deliver any and all agreements, instruments, documents, and papers as the Bank may reasonably request to evidence the Bank's security interest in any of the BSST Patent and Trademark Collateral;

(ii) in the name of the Grantor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any general intangible (to the extent that any of the foregoing constitute BSST Patent and Trademark Collateral) or with respect to any other BSST Patent and Trademark Collateral and to file any claim or to take any other action or institute any proceeding in any court of law or equity or otherwise deemed appropriate by the Bank for the purpose of collecting any and all such moneys due under any such General Intangible or with respect to any such other BSST Patent and Trademark Collateral whenever payable;

(iii) to pay or discharge Liens placed on the BSST Patent and Trademark Collateral, other than Liens permitted under this Agreement and the Permitted Liens; and

(iv) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Bank or as the Bank shall direct; (B) to ask for, or demand, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the BSST Patent and Trademark Collateral; (C) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the BSST Patent and Trademark Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the BSST Patent and Trademark Collateral or any thereof and to enforce any other right in respect of any BSST Patent and Trademark Collateral; (E) to defend any suit, action or proceeding brought against the Grantor with respect to any of the BSST Patent and Trademark Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Bank may deem appropriate; (G) subject to any pre-existing rights or licenses, to assign any Patent or Trademark constituting BSST Patent and Trademark Collateral (along with the goodwill of the business to which any such Patent or Trademark pertains), for such term or terms, on such conditions, and in such manner, as the Bank shall in its sole discretion determine; and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the BSST Patent and Trademark Collateral as fully and completely as though the Bank were the absolute owner thereof for all purposes, and to do, at the Bank's option and the Grantor's expense, at any time, or from time to time, all acts and things which the Bank deems necessary to protect, preserve or realize upon the BSST Patent and Trademark Collateral and the Bank's Liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Grantor might do.

The Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable until payment in full of the Obligations.

(b) Other Powers. The Grantor also authorizes the Bank, from time to time if an Event of Default shall have occurred and be continuing, to execute, in connection with any sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the BSST Patent and Trademark Collateral.

(c) No Duty on the Part of Bank. The powers conferred on the Bank hereunder are solely to protect the Bank's interests in the BSST Patent and Trademark Collateral and shall not impose any duty upon the Bank to exercise any such powers. The Bank shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7. Performance by Bank of Grantor's Obligations. If the Grantor fails to perform or comply with any of its agreements contained herein and the Bank, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses of the Bank incurred in connection with such performance or compliance, together with interest thereon at the rate provided in the Credit Agreement, shall be payable by the Grantor to the Bank on demand and shall constitute Obligations secured hereby.

8. Proceeds. It is agreed that if an Event of Default shall occur and be continuing, (a) all proceeds of any BSST Patent and Trademark Collateral received by the Grantor consisting of cash, checks and other near-cash items shall be held by the Grantor in trust for the Bank, segregated from other funds of the Grantor, and at the request of the Bank shall, forthwith upon receipt by the Grantor, be turned over to the Bank in the exact form received by the Grantor (duly indorsed by the Grantor to the Bank, if required by the Bank) and (b) any and all such proceeds received by the Bank (whether from the Grantor or otherwise) may, in the sole discretion of the Bank, be held by the Bank as collateral security for the Obligations (whether matured or unmatured) and/or then or at any time thereafter may be applied by the Bank against, the Obligations then due and owing. Any balance of such proceeds remaining after the payment in full of the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive the same.

9. Remedies. If an Event of Default shall occur and be continuing, the Bank may exercise all rights and remedies of a secured party under the Code, and, to the extent permitted by law, all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations. Without limiting the generality of the foregoing, the Bank, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Grantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived) may in such circumstances, to the extent permitted by law, forthwith collect, receive, appropriate and realize upon the BSST Patent and Trademark Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the BSST Patent and Trademark Collateral or any part thereof (or contract to do any of the foregoing) in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Bank or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Bank shall have the right, to the extent permitted by law, upon any such sale or sales, to purchase the whole or any part of the BSST Patent and Trademark Collateral so sold, free of any right or equity of redemption in the Grantor, which right or equity is hereby waived or released. The Grantor further agrees, at the Bank's request, upon the occurrence and during the continuance of an Event of Default, to assemble the BSST Patent and Trademark Collateral and make it available to the Bank at places which the Bank shall reasonably select, whether at the Grantor's premises or elsewhere. In the event of any sale, assignment, or other disposition of any of the BSST Patent and Trademark Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and the Grantor shall supply to the Bank

or its designee the Grantor's know-how and expertise relating to the BSST Patent and Trademark Collateral subject to such disposition, and the Grantor's notebooks, studies, reports, records, documents and things embodying the same or relating to the inventions, processes or ideas covered by, and to the manufacture of any products under or in connection with, the BSST Patent and Trademark Collateral subject to such disposition, and the Grantor's customer's lists, studies and surveys and other records and documents relating to the distribution, marketing, advertising and sale of products relating to the BSST Patent and Trademark Collateral subject to such disposition. The Bank shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the BSST Patent and Trademark Collateral or in any way relating to the BSST Patent and Trademark Collateral or the rights of the Bank, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations then due and owing, and only after such application and after the payment by the Bank of any other amount required by any provision of law, need the Bank account for the surplus, if any, to the Grantor. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Bank arising out of the repossession, retention or sale of the BSST Patent and Trademark Collateral, other than any such claims, damages and demands that may arise from the gross negligence or willful misconduct of the Bank. If any notice of a proposed sale or other disposition of BSST Patent and Trademark Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the BSST Patent and Trademark Collateral are insufficient to pay the then outstanding Obligations, including the reasonable fees and disbursements of any attorneys employed by the Bank to collect such deficiency.

10. Limitation on Duties Regarding Preservation of BSST Patent and Trademark Collateral. The Bank's sole duty with respect to the custody, safekeeping and physical preservation of the BSST Patent and Trademark Collateral in its possession, shall be to deal with it in the same manner as the Bank deals with similar property for its own account. Neither the Bank nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the BSST Patent and Trademark Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any BSST Patent and Trademark Collateral upon the request of the Grantor or any other person.

11. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the BSST Patent and Trademark Collateral are powers coupled with an interest and are irrevocable until payment in full of the Obligations.

12. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

14. No Waiver; Cumulative Remedies. The Bank shall not by any act (except by a written instrument pursuant to Section 15 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Bank would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

15. Waivers and Amendments; Successors and Assigns. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Grantor and the Bank. This Agreement shall be binding upon the successors and assigns of the Grantor and shall inure to the benefit of the Bank and its successors and assigns, except that the Grantor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Bank.

16. Notices. All notices, requests and demands to or upon the respective parties hereto shall be made in accordance with the Credit Agreement.

17. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MICHIGAN WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

18. Release of Collateral and Termination. At such time as the payment in full of the Obligations, the BSST Patent and Trademark Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Bank hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the BSST Patent and Trademark Collateral shall revert to the Grantor.

19. Waiver of Jury Trial. The Grantor hereby waives any right to trial by jury in the event of litigation regarding the performance or enforcement of, or in any way related to, this Agreement.

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered as of the date first above written.

BSST, LLC

By: /s/ Lon E. Bell

Title: President

TRADEMARKS AND TRADEMARK LICENSES

U.S. Trademarks

None.

PATENTS AND PATENT LICENSES

U.S. Patents

I. PATENTS

None.

II. PATENTS IN THE APPLICATION PROCESS

<u>Case Number</u>	<u>Title of Invention</u>	<u>Country</u>	<u>Status</u>	<u>Application Number</u>	<u>Filing Date</u>	<u>Patent Number</u>	<u>Issue Date</u>
BSST.001A	EFFICIENCY THERMOELECTRICS UTILIZING THERMAL INSULATION	US	Pending	09/844818	4/27/01		
BSST.001CP1	COMPACT, HIGH-EFFICIENCY THERMOELECTRIC SYSTEMS	US	Pending	10/227398	8/23/02		
BSST.001PR	IMPROVED EFFICIENCY THERMOELECTRICS	US	Pending	60/267657	2/9/01		
BSST.001VPC	IMPROVED EFFICIENCY THERMOELECTRICS UTILIZING THERMAL ISOLATION	WO	Pending	PCTUS02/03772	2/7/02		
BSST.002A	EFFICIENCY THERMOELECTRICS UTILIZING CONVECTIVE HEAT FLOW	US	Pending	09/860725	5/18/01		
BSST.002CPI	ENERGY CONVERSION EFFICIENCY OF THERMOELECTRIC POWER GENERATION UTILIZING CONVECTIVE HEAT FLOW	US	Pending	09/918999	7/31/01		
BSST.002QPC	IMPROVED ENERGY CONVERSION EFFICIENCY OF THERMOELECTRIC POWER GENERATION UTILIZING	WO	Pending	PCTUS02/03659	2/7/002		
BSST.002VPC	IMPROVED EFFICIENCY THERMOELECTRICS UTILIZING CONVECTIVE	WO	Pending	PCTUS02/03654	2/7/02		
BSST.004A	THERMOELECTRIC PERSONAL ENVIRONMENT APPLIANCE	US	Pending	10/215163	8/7/02		
BSST.004PR	THERMOELECTRIC PERSONAL ENVIRONMENT APPLIANCE	US	Pending	60/310565	8/7/01		
BSST.004VPC	THERMOELECTRIC PERSONAL ENVIRONMENT APPLIANCE	US	Pending	PCTUS02/25233	8/7/02		
BSST.006A	THERMOELECTRIC HETROSTRUCTURE ASSEMBLIES ELEMENT	US	Pending	09/987232	11/6/01		

<u>Case Number</u>	<u>Title of Invention</u>	<u>Country</u>	<u>Status</u>	<u>Application Number</u>	<u>Filing Date</u>	<u>Patent Number</u>	<u>Issue Date</u>
BSST.006PR	THERMOELECTRIC HETROSTRUCTURE ASSEMBLIES ELEMENT	US	Pending	60/331021	10/24/01		
BSST.008A	THERMOELECTRIC TRANSIENT COOLING AND HEATING SYSTEMS	US	Pending	10/074543	2/11/02		
BSST.008VPC	THERMOELECTRIC TRANSIENT COOLING AND HEATING SYSTEMS	WO	Pending	PCTUS02/06285	3/4/02		
BSST.009A	THERMOELECTRIC POWER GENERATION SYSTEMS	US	Pending	10/164656	6/6/02		

III. PATENT LICENSES

Licenses granted pursuant to the Development Agreement dated as of April 18, 2002 between BSST LLC and Maxima Corporation.

CONSENTS

Consents

1. Section 13.4 of the Development Agreement dated as of April 18, 2002 between BSST LLC and Maxima Corporation contains restrictions on assignment.

COMPANY NEWS RELEASE DATED OCTOBER 31, 2005

NEWS RELEASE for October 31, 2005 at 7:30 AM EDT

Contact: Allen & Caron Inc
Jill Bertotti (investors)
jill@allencaron.com
Len Hall (media)
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AMERIGON SECURES \$10 MILLION LINE OF CREDIT

DEARBORN, MI (October 31, 2005) . . . Amerigon Incorporated (Nasdaq:ARGN) today announced that it has secured a new \$10 million revolving line of credit from Comerica Bank. The new three-year line of credit, which is secured by the Company's assets, replaces the Company's previous \$3 million credit facility with Comerica Bank. The previous credit facility was set to expire on November 1, 2005.

Chief Financial Officer Barry Steele said, "We are pleased that a financial institution with the stature of Comerica continues to express confidence in Amerigon. We do not expect to use this line of credit to fund any of our day-to-day operations, but it does provide us additional access to capital if needed to take advantage of future, strategic business opportunities."

About Amerigon

Amerigon designs, develops and markets its proprietary Climate Control Seat™ (CCS™) products for sale to automotive and truck original equipment manufacturers (OEMs). CCS enhances individual driver and passenger comfort in virtually all climatic conditions by providing cooling and heating to seat occupants, as desired, through an active thermoelectric-based temperature management system. Amerigon's subsidiary, BSST, is engaged in developing thermoelectric devices (TED) with more efficiency than currently available devices and has development contracts with several customers to expand the market for TED-based automotive and non-automotive products. Amerigon maintains sales and technical support centers in Los Angeles, Detroit, Japan, Germany and England.

Certain matters discussed in this release are forward-looking statements that involve risks and uncertainties, and actual results may be different. Important factors that could cause the Company's actual results to differ materially from its expectations in this release are risks that sales may not significantly increase, necessary additional financing may be unavailable, new competitors may arise and adverse conditions in the automotive industry may negatively affect its results. The liquidity and trading price of its common stock may be negatively affected by these and other factors. Please also refer to Amerigon's Securities and Exchange Commission filings and reports, including but not limited to its Form 10-Q for the period ending September 30, 2005 and its Form 10-K for the year ended December 31, 2004.

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