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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from ____________ to ____________.

Commission file number 0-21810

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

Michigan	**95-4318554**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
500 Town Center Dr., Ste. 200, Dearborn, MI	**48126-2716**
(Address of principal executive offices)	**(Zip Code)**

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

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

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

Common Stock, no par value

(Title of Class)

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the average bid and asked prices of such common stock as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2005, was $34,989,000. For purposes of this computation, the registrant has excluded the market value of all shares of its Common Stock reported as being beneficially owned by executive officers and directors and holders of more than 10% of the Common Stock on a fully diluted basis of the registrant; such exclusion shall not, however, be deemed to constitute an admission that any such person is an "affiliate" of the registrant. As of March 14, 2006, there were 18,561,725 issued and outstanding shares of common stock of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's definitive proxy statement for its 2006 Annual Meeting of Shareholders to be filed with the Commission within 120 days after the close of the registrant's fiscal year are incorporated by reference into Part III.

TABLE OF CONTENTS

Part I

Item 1:	Business	1
Item 1A:	Risk Factors	7
Item 2:	Properties	14
Item 3:	Legal Proceedings	14
Item 4:	Submission of Matters to a Vote of Security Holders	14

Part II

Item 5:	Market for the Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities	15
Item 6:	Selected Financial Data	16
Item 7:	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 7A:	Quantitative and Qualitative Disclosures About Market Risk	22
Item 8:	Financial Statements and Supplementary Data	22
Item 9:	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	23
Item 9A:	Controls and Procedures	23
Item 9B:	Other Information	23

Part III

Item 10:	Directors and Executive Officers of the Registrant	24
Item 11:	Executive Compensation	24
Item 12:	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	24
Item 13:	Certain Relationships and Related Transactions	24
Item 14:	Principal Accounting Fees and Services	24

Part IV

Item 15:	Exhibits and Financial Statement Schedules	25

AMERIGON INCORPORATED

PART I

ITEM 1. BUSINESS

General

Amerigon Incorporated ("we," the "Company" or the "registrant") designs, develops and markets products based on our advanced, proprietary, efficient thermoelectric device ("TED") technologies for a wide range of global markets and heating and cooling applications. Our current principal product is our proprietary Climate Control Seat™ ("CCS™" or "CCS") which we sell to automobile and truck original equipment manufacturers or their tier one suppliers. The CCS provides year-round comfort to automotive seat occupants by producing both active heating and cooling. As of March 2006, we have shipped more than two million units of our CCS product to customers since 2000. Our CCS product is currently offered as an optional feature on 20 automobile models produced by the Ford Motor Company, General Motors, Toyota Motor Corporation, Nissan, and Hyundai.

In 2003, the Company launched a newly designed and more efficient version of its CCS that incorporates our new Micro Thermal Module™ ("MTM™" or "MTM") technology. This new generation CCS system, which is based on the Company's proprietary TED technology, is smaller, lighter, quieter and more versatile than its predecessor. In 2005 we began to produce MTM's for several new automobile models which incorporate a number of new improvements representing our third generation of CCS development in less than five years.

We were incorporated in 1991 and originally focused our efforts on developing electric vehicles and high technology automotive systems. Because the electric vehicle market did not develop as anticipated, we have focused our efforts on our CCS product, our only commercial product at the present time, and other products derived from our efficient TED technology. We were originally incorporated under the laws of California, but in 2005, we changed the state of our incorporation from California to Michigan, the location of our headquarters and the headquarters of many of our customers.

Business Strategy

Our strategy is to become the leading provider of TED based products through strategic partnerships based upon existing relationships with automobile manufacturers and market leaders in other industries and their suppliers. Our strategy includes the following key elements:

- Developing TED based products in partnership with capable sectoral partners using our proprietary developed, highly efficient TEDs through our subsidiary, BSST LLC ("BSST");
- Further improve the efficiency of our TED systems on a proprietary basis thorough continued research and development;
- Continuing to encourage automobile manufacturers to specify that their seat suppliers offer our CCS product;
- Working with first tier seat suppliers to offer our product to their customers;
- Continuing to improve our CCS technology for performance, efficiency and packageability;
- Increasing global penetration with automotive companies; and
- Continuing to expand our intellectual property.

Products

Thermoelectric device (TED)

Our current and future planned products are based upon our internally developed advanced TED technology. A TED is a solid state circuit that has the capability to produce both a hot and cold thermal condition. This is known as the Peltier effect. The advantages of advanced TEDs over conventional compressed gas systems is that they are environmentally friendly, less complex as they have no moving parts, are compact and light weight. Traditional TEDs are not widely utilized in the global product marketplace because they are inherently inefficient. Through our BSST subsidiary we have worked for the past five years developing innovations that improve TED efficiency. We currently hold eight U.S. patents related to these innovations and have four additional U.S. patents pending. Our progress to date has been to improve TED efficiency by an approximate factor of two. We believe that an improvement factor of four is required for a number of practical commercial applications. This improvement is likely to require the development of advanced materials and manufacturing processes to produce those materials in sufficient quantities. Advanced TED materials are currently being researched by concerns other than us. There can be no assurance as to when these materials will become available, if at all, or whether practical manufacturing processes can be developed for such materials.

TEDs also have a capability known as the Seabeck effect that is reciprocal to the Peltier effect. In this process thermal energy such as the waste heat from an automobile exhaust, can be converted in to electrical power. As with the Peltier effect, traditionally designed TEDs lack the efficiency for practical application. Our research and development efforts seek to improve the TED efficiency of this process.

Although we believe the prospects of our advanced TED technology are very promising, there are no assurances as to when the efficiency gains required can be achieved, if at all. Additionally, it can not be certain that our proposed products based upon our advanced TED designs would gain acceptance by potential customers.

Climate Control Seat

Our CCS product utilizes exclusive patented technology, obtained through license and internal development, for a variable temperature seat climate control system to enhance the comfort of vehicle passengers. We have additional patents pending for further improvements to the CCS and TED technology. Our CCS product uses one or more TEDs, which generate heating or cooling depending upon the polarity of the current applied to the device.

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

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

In March 2000, we entered into an agreement with Ford Motor Company (“Ford”), which gave us the exclusive right to supply our CCS product to Ford’s first tier suppliers for installation in Ford, Lincoln and Mercury branded vehicles produced and sold in North America (other than Ford-branded vehicles produced by AutoAlliance International, Inc.) through December 31, 2004. Although the agreement has now expired, we continue to work with Ford on future programs.

Research and Development

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

We continue to do additional research and development to advance the design of the CCS product with the goal of making the unit less complex, easier to package and less expensive to manufacture and install. There can be no assurance that this development program will result in improved products.

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

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

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

In 2004, BSST, signed an agreement with Carrier Corporation, a subsidiary of United Technologies Corporation ("UTC"), and United Technologies Research Center, the central research unit of UTC (collectively Carrier-UTRC), to explore the specific application of thermoelectrics to heating, refrigeration and air conditioning systems for residential, commercial and aerospace applications. Under the terms of the development agreement, Carrier-UTRC will endeavor to apply the high efficiency and environmentally friendly thermoelectric device technology developed by BSST to its own capabilities in residential and commercial heating and air conditioning systems, commercial drying and cooking devices, and aerospace systems.

In 2005, BSST successfully completed the first phase of its Automotive Waste Heat Recovery Program and as a result was awarded a Phase 2 Program by the U.S. Department of Energy ("DOE"). BSST leads a development team that incomes Visteon Corporation, BMW of North America, Marlow Industries, the DOE's National Renewable Energy Laboratory and Jet Propulsion Laboratory/California Institute of Technology. The objective of this four phase program is to demonstrate a viable themoelectric-based vehicle waste heat recovery and power generation system that will improve the efficiency of vehicles powered by internal combustion engines. In the first phase of the program, successfully concluded in June 2005, the team established a vehicle system architecture for a BMW's series 5 engine and conducted a comprehensive analysis to determine the technical and commercial viability of its power generation concept. In the second phase the team will build and test prototype key elements of the system including a thermoelectric power generator. Seventy five percent of the total cost of this program will be paid for with Federal funds, while selected project team members, including BSST, will bear the remaining cost. Up to $4.7 million in Federal funds could be contributed to the project over its projected four year life. However, the actual amount contributed may be less, as the funding provisions supporting this program require the DOE to approve and release funds only on a phase-by-phase basis, according to project progress and revisions made in the scope of the project. In addition, funds must be made available through the annual Federal budget process each year before any funding release can be made.

The amounts spent for research and development activities in 2005, 2004 and 2003 were $6,129,000, $3,882,000 and $3,634,000, respectively. Because of changing levels of research and development activity, our research and development expenses fluctuate from period to period. Also included in research and development are expenses associated with BSST of $178,000, $198,000 and $121,000 for 2005, 2004 and 2003, respectively. BSST's expenses are net of reimbursement for customer funded research and development of $3,496,000, $1,656,000 and $1,147,000 for 2005, 2004 and 2003, respectively.

Marketing, Customers and Sales

We are a second-tier supplier to automobile and truck manufacturers. As such, we focus our marketing efforts on automobile and truck manufacturers and their first-tier suppliers. We have not and do not expect to market directly to consumers. For CCS products, our strategy has been to convince the major automobile companies that our CCS product is an attractive feature that will meet with consumer acceptance and has favorable economics, including high profitability to the manufacturers. If convinced, the manufacturers then direct us to work with their seat supplier to incorporate our CCS product into future seat designs who then become our direct customers. These customers include Bridgewater Interiors, LLC ("Bridgewater"), NHK Spring Company, Ltd ("NHK"), Lear Corporation ("Lear"), Johnson Controls, Inc. ("JCI"), Marubeni Vehicle Corporation, Intier Automotive. We also sell directly to one automotive manufacturer, Hyundai. We also market directly to these and other major domestic and foreign automotive seat suppliers. The number of CCS products we sell is affected by the levels of new vehicle sales and the general business conditions in the automotive industry.

For our most recent fiscal year, our revenues from sales to our three largest customers, Bridgewater, NHK, and Lear, were $15,319,000, $10,129,000, and $5,718,000, representing 44%, 29%, and 16% of total revenues, respectively. The loss of any one of these customers is likely to have a material adverse impact on our business.

Table of Contents

Replacing the traditional seat heater, our CCS product is offered as an optional feature on the following models:

Manufacturer	Model	CCS Style	Year Launched
Ford Motor Company	Lincoln Zephyr	MTM	2005
	Lincoln LS	CCS	2002
	Lincoln Aviator(1)	CCS	2002
	Lincoln Navigator	CCS	1999
	Mercury Monterey	CCS	2003
	Ford Expedition	CCS	2002
General Motors	Cadillac Escalade	MTM	2006
	Cadillac Escalade ESV(2)(3)	MTM	2006
	Cadillac Escalade EXT(3)	MTM	2006
	Cadillac DTS	MTM	2005
	Cadillac DeVille(4)	MTM	2003
	Cadillac XLR	CCS	2003
	Buick Lucerne	MTM	2005
Toyota Motor Corporation	Lexus LS 430(2)	CCS	2000
	Toyota Celsior(3)	CCS	2000
	Toyota Century(3)	CCS	2005
Nissan	Infiniti M35	CCS	2005
	Infiniti M45	CCS	2004
	Nissan Fuga(5)	CCS	2005
	Infiniti Q45	CCS	2002
	Nissan Cima(5)	CCS	2002
Hyundai	Equus(2)(5)	CCS	2003

(1) Vehicle was discontinued by the manufacturer in 2005.
(2) Vehicle is equipped with CCS in both front and rear seat positions.
(3) Currently scheduled to be launched during the first half of 2006.
(4) Model was replaced by the Cadillac DTS which represented a 100% redesign of the vehicle by the Manufacturer.
(5) Vehicle is produced for the Asian market only.

Our product revenues for 2005 were divided between five OEM's as follows:

Manufacturer	2005	2004	2003
General Motors	32%	28%	20%
Ford Motor Company	31	44	60
Nissan	21	7	2
Toyota Motor Corporation	8	15	14
Hyundai	8	6	4
Total	100%	100%	100%

In November 2003, we formed our wholly owned subsidiary, Amerigon Asia Pacific, Inc., a Japanese company ("Amerigon Asia Pacific"), to perform marketing and engineering activities for our customers based in Japan.

Outsourcing, Contractors and Suppliers

Through 2002, we had been engaged in manufacturing our CCS product for three years, producing moderate quantities. During 2002, we completely outsourced production to lower-cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment. We first shifted production to a supplier plant in Chihuahua, Mexico. We later began production with a second contract manufacturer, Tokyo-based Ferrotec Corporation ("Ferrotec"), to produce our CCS product at its facility located in Hangzhou, China.

In March 2001, we entered into a manufacturing and supply agreement with Ferrotec. In exchange for a $2 million fee, we granted Ferrotec the exclusive right to manufacture CCS products for ultimate distribution to our customers within certain Asian countries subject to Ferrotec's obligation to be competitive in certain key supplier attributes. The region includes China, Japan, Taiwan, Korea, India, Thailand, Vietnam, Malaysia, Indonesia and the Philippines. The initial term of the agreement began April 1, 2001 and expires on April 1, 2011.

Our ability to manufacture and market our products successfully is dependent on relationships with third party suppliers, especially those contract manufacturers described above. We rely on various vendors and suppliers for the components of our products and procure these components through purchase orders, with no guaranteed supply arrangements. Certain components, including TEDs, are only available from a limited number of suppliers. The loss of any significant supplier, in the absence of a timely and satisfactory alternative arrangement, or an inability to obtain essential components on reasonable terms or at all, could materially adversely affect our business, operations and cash flows. Our business and operations could also be materially adversely affected by delays in deliveries from our suppliers.

Proprietary Rights and Patents

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

We currently have a license arrangement related to our CCS product. Feher Design, Inc. ("Feher") has granted to us an exclusive worldwide license to use specific CCS technologies covered by three U.S. patents held by Feher. The first of these three licensed patents expires on November 17, 2008. In addition to the aforementioned license rights from Feher, we own three issued U.S. patents on a variable temperature seat climate control system. In addition, we jointly own two U.S. patents and five Japanese patents with Honda Motor Co. We are aware that an unrelated party filed a patent application in Japan on March 30, 1992 with respect to technology similar to the CCS technology. This application has been rejected by the Japanese patent office in its present form, but the applicant has filed an appeal of the rejection. If a sufficiently broad patent were to be issued from this application, it could have a material adverse effect upon our intellectual property position in Japan.

Competition

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

We are not aware of any competitors that are presently offering systems for both active heating and cooling of automotive car seats, although substantial competition exists for the supply of heated-only seats and several companies are offering a product that circulates ambient air through a seat without active cooling. In addition, certain vehicle manufacturers offer options on certain new models that combine heated seats with circulation of ambient air. It is possible that competitors will be able to expand or modify their current products by adding a cooling function to their seats based upon a technology not covered by patented technology we own or license.

Financial Information About Industry Segments and Geographic Areas

Our business segment and geographic areas information is incorporated herein by reference from Note 16 of our consolidated financial statements and related financial information indexed on page F-1 of this report.

Employees

As of December 31, 2005, Amerigon and its subsidiaries employed a total of 58 individuals, including 19 at BSST and three at Amerigon Asia Pacific. Amerigon also has retained the services of four outside contractors. None of our employees is subject to collective bargaining agreements. We consider our employee relations to be satisfactory.

ITEM 1A. RISK FACTORS

Risk Factors

This Report contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives and other forward-looking statements included in this section, "Item 1 Business," "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations," and in other places in this Report. Such statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "believe," "estimate," "anticipate," "intend," "continue," or similar terms, variations of such terms or the negative of such terms. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Factors that could cause such results to differ materially from those described in the forward-looking statements include those set forth below.

Risks Relating to our Business

We have only one commercially successful product in one industry segment and we may not be able to commercialize and market additional products to other industries

We are currently developing advanced designs of TEDs to be used in a wide range of potential products in a number of industries, but to date we have only one commercially successful product. Although we have made significant improvements in TED technology, additional improvements are necessary to make TED based products commercially attractive in comparison with other technologies. These advancements are dependent on many variables including but not limited to new advanced materials becoming available and efficient and cost effective manufacturing processes for advanced TEDs and the related materials to be developed.

We have incurred substantial operating losses since our inception

Although we have reported operating income of $2,570,000 in 2005 and $786,000 in 2004, prior to that we incurred substantial operating losses since our inception. We had operating losses of $1,554,000 in 2003,

$6,168,000 in 2002, and $7,537,000 in 2001. As of December 31, 2005, we had accumulated deficits since inception of $52,493,000. Our accumulated deficits are attributable to the historical costs of developmental and other start-up activities, including the industrial design, development and marketing of discontinued products and a significant loss incurred on a major electric vehicle development contract. Approximately $33,000,000 of our accumulated deficit arose from past efforts in electric vehicles, integrated voice technology or radar, all discontinued products as of December 31, 2000.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At December 31, 2005, we had cash and cash equivalents of $1,364,000 and short-term investments of $9,975,000. Based on our current operating plan, we believe cash at December 31, 2005, along with the proceeds from future revenues and borrowings from our $10,000,000 revolving line of credit will be sufficient to meet operating needs for the foreseeable future.

Our ability to market our products successfully depends on acceptance of our product by original equipment manufactures and consumers

We are engaged in a lengthy development process of our advanced TEDs which involve developing prototypes for proof of concept and then adapting the basic systems to actual products produced by existing manufactures of products that may use TEDs. While we currently have active development programs with Visteon and UTC, no assurance can be given that our advanced TEDs will be implemented in any of these products. To date, CCS is our sole commercialized product and there is no assurance that we will be successful in marketing any additional products using TEDs.

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

Our ability to market and manufacture our products successfully is dependent on relationships with both third party vendors and suppliers. We rely on various vendors and suppliers for the components of our products and procure these components through purchase orders, with no guaranteed supply arrangements. Certain components, including thermoelectric devices and the specially designed fans used in our CCS product, are only available from a limited number of suppliers. The loss of any significant supplier, in the absence of a timely and satisfactory alternative arrangement, or an inability to obtain essential components on reasonable terms or at all, could materially adversely affect our business, operations and cash flows. Our business and operations could also be materially adversely affected by delays in deliveries from suppliers.

The outsourcing of production to other countries entails risks of production interruption and unexpected costs

We outsource production of our CCS product to lower cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment. Such production is currently completed by suppliers located in Chihuahua, Mexico and Hangzhou, China. Our use of suppliers located outside of the United States entails risk of production interruption and unexpected costs due to the extended logistics.

Automobile manufacturers demand on-time delivery of quality products, and some have required the payment of substantial financial penalties for failure to deliver components to their plants on a timely basis. Such penalties, as well as costs to avoid them, such as overtime costs and overnight air freighting of parts that normally are shipped by other less expensive means of transportation, could have a material adverse effect on our business and financial condition. Moreover, the inability to meet demand for our products on a timely basis would materially adversely affect our reputation and prospects.

We may not be able to persuade potential customers of the merits of our products and justify their costs to increase our sales

Because of the sophisticated nature and early stage of development of our products, we have been, and will continue to be, required to educate potential customers and demonstrate that the merits of our products justify the costs associated with such products. We have relied on, and will continue to rely on, automobile manufacturers and manufacturers in other industries and their dealer networks to market our products. The success of any such relationship will depend in part on the other party's own competitive, marketing and strategic considerations, including the relative advantages of alternative products being developed and/or marketed by any such party. There can be no assurance that we will be able to continue to market our products successfully so as to generate meaningful product sales increases.

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

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

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

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

Other TED products that we develop are also likely to have a lengthy sales cycle. Because such technology is new and evolving, and because customers will likely require that any new product we develop pass certain feasibility and economic viability tests before committing to purchase, it is expected to take several years before any new products we develop are sold to customers.

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

The automotive component industry is subject to intense competition. Virtually all of our competitors are substantially larger in size, have substantially greater financial, marketing and other resources, and have more extensive experience and records of successful operations than we do. While we have the only actively-cooled seat available, competitors are introducing ventilated seats, which provide some of the cooled-seat attributes and are very price competitive with our CCS product. Additionally, heat only devices are readily available from our competitors. Competition extends to attracting and retaining qualified technical and marketing personnel. There can be no assurance that we will successfully differentiate our products from those of our competitors, that the marketplace will consider our current or proposed products to be superior or even comparable to those of our competitors, or that we can succeed in establishing relationships with automobile manufacturers. Furthermore, no assurance can be given that competitive pressures we face will not adversely affect our financial performance.

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

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

As of December 31, 2005, we owned thirteen U.S. patents and had nine U.S. patents pending and our subsidiary BSST owned eight U.S. patents, and had four U.S. patents pending and sixteen foreign patents pending. We were also licensees of three patents and joint owners with Honda Motor Co. of two U.S. patents and five Japanese patents. We also owned thirty-two foreign patents and had six foreign patent applications pending. We believe that patents and proprietary rights have been and will continue to be very important in enabling us to compete. There can be no assurance that any new patents will be granted or that our or our licensors' patents and proprietary rights will not be challenged or circumvented or will provide us with meaningful competitive advantages or that pending patent applications will issue. Furthermore, there can be no assurance that others will not independently develop similar products or will not design around any patents that have been or may be issued to our licensors or us. Failure to obtain patents in certain foreign countries may materially adversely affect our ability to compete effectively in those international markets. We are aware that an unrelated party filed a patent application in Japan on March 30, 1992, with respect to technology similar to our CCS technology. This application has been rejected by the Japanese patent office in its present form, but the applicant has filed an appeal of the rejection. If a sufficiently broad patent were to be issued from this application, it could have a material adverse effect upon our intellectual property position in Japan. We hold current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties, totaling $100,000 annually, and must continue to comply with those licensing agreements. Failure to do so or loss of such agreements could materially and adversely affect our business.

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

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

Other persons could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of our products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to us and diversion of effort by our management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that we would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have a material adverse effect on our business. In addition, if we become involved in litigation, it could consume a substantial portion of our time and resources. We have not, however, received any notice that our products infringe on the proprietary rights of third parties.

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

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

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

Automotive customers typically reserve the right unilaterally to cancel contracts completely or to require price reductions. Although they generally reimburse companies for actual out-of-pocket costs incurred with respect to the particular contract up to the point of cancellation, these reimbursements typically do not cover costs associated with acquiring general purpose assets such as facilities and capital equipment, and may be subject to negotiation and substantial delays in receipt by us. Any unilateral cancellation of, or price reduction with respect to, any contract that we may obtain could reduce or eliminate any financial benefits anticipated from such contract and could have a material adverse effect on our financial condition and results of operations. To date, no such costs have been reimbursed.

The third parties that contract with our subsidiary, BSST, for research and development purposes generally also reserve the right to unilaterally terminate those contracts. There can be no assurance that BSST will continue to receive the third party reimbursements it has received over the past several years.

Our success will depend in large part on retaining key personnel

Our success will depend to a large extent upon the continued contributions of key personnel in Amerigon and our research and development subsidiary, BSST. The loss of the services of Dr. Lon E. Bell, the President of BSST, would have a material adverse effect on the success of BSST.

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

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

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

Our business exposes us to potential product liability risks

Our business exposes us to potential product liability risks which are inherent in the manufacturing, marketing and sale of automotive components. In particular, there are substantial warranty and liability risks associated with our products. If available, product liability insurance generally is expensive. While we presently have product liability coverage and product recall coverage at amounts we currently consider adequate, there can be no assurance that we will be able to obtain or maintain such insurance on acceptable terms with respect to other products we may develop, or that any insurance will provide adequate protection against any potential liabilities. In the event of a successful claim against us, a lack or insufficiency of insurance coverage could have a material adverse effect on our business and operations.

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

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

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

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

Risks Relating to Share Ownership

Our significant shareholders control the company

W III H Partners, L.P. ("W III H") and Westar Capital II LLC ("Westar") each own 2,250 shares of Series A Preferred Stock ("Convertible Preferred Stock"), which such shares are convertible into Common Stock at an initial conversion price of $1.675 per common share. Combined, W III H and Westar have the right to elect a majority of our directors. W III H and Westar each have preemptive rights on future financings, so as to maintain their percentage ownership. Based upon the terms of the Convertible Preferred Stock, W III H and Westar together in the aggregate held approximately 32% of our common equity (on an as-converted basis, excluding options and warrants), as of December 31, 2005.

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

Our quarterly operating results may fluctuate significantly in the future due to such factors as acceptance of our product by automotive manufacturers and consumers, timing of our product introductions, availability and pricing of components from third parties, competition, timing of orders, foreign currency exchange rates, technological changes and economic conditions generally. Broad market fluctuations in the stock markets can adversely affect the market price of our Common Stock. In addition, failure to meet or exceed analysts' expectations of financial performance may result in immediate and significant price and volume fluctuations in our Common Stock.

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

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

The Convertible Preferred Stock of the Company, which is outstanding, confers upon its holders the right to elect five members of the Board of Directors while the holders of Common Stock have the right to elect two members of the Board of Directors. In addition, the Convertible Preferred Stock will vote together with the shares of Common Stock on most matters submitted to shareholders. As of December 31, 2005, the holders of the Series A Convertible Preferred Stock had approximately 32% of our voting shares and, as a result of such ownership and the right to elect five members of the Board of Directors, are likely to have the ability to approve or prevent any subsequent change of control.

In addition, our Board of Directors has the authority to issue up to 4,991,000 additional shares of Preferred Stock and to determine the price, rights (including conversion rights), preferences and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock.

We do not anticipate paying dividends on our Common Stock

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

Delisting from an active trading market may adversely affect the liquidity and trading price of our Common Stock

Although our Common Stock is quoted on The Nasdaq SmallCap Market, there can be no assurance that we now, or in the future will be able to, meet all requirements for continued quotation thereon. One Nasdaq requirement is that we maintain a minimum stockholders' equity of $2,500,000, or a market capitalization of $35,000,000 of listed shares, or have had net income from continuing operations of at least $500,000 in the last fiscal year (or two of the three most recently completed fiscal years).

If we fail to meet Nasdaq's requirements on an ongoing basis, our Common Stock would likely be delisted from The Nasdaq SmallCap Market. In the absence of an active trading market or if our Common Stock cannot be traded on The Nasdaq SmallCap Market, our Common Stock could instead be traded on secondary markets, such as the OTC Bulletin Board. In such event, the liquidity and trading price of our Common Stock in the secondary market may be adversely affected. In addition, if our Common Stock is delisted, broker-dealers have certain regulatory burdens imposed on them which may discourage broker-dealers from effecting transactions in our Common Stock, further limiting the liquidity thereof.

Web Site

Our internet website address is www.amerigon.com. Our annual or transition reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are made available free of charge through our website as soon as reasonably practicable after we electronically file with or furnish them to the Securities and Exchange Commission.

ITEM 2. PROPERTIES

We lease our corporate headquarters of approximately 7,400 square feet in Dearborn, Michigan and we lease research and development facilities of approximately 22,000 square feet in Irwindale, California. Our Michigan lease expires March 31, 2006, and the California lease expires August 31, 2006. We will be relocating our corporate headquarters to Farmington Hills, Michigan in late March 2006 and have entered into a new lease agreement for approximately 12,100 square feet. We are in the process of locating new facilities for our California operations. The current monthly rent of the Michigan lease, including rent and operating expense allocations, is approximately $18,000 and will be $19,000 in the new Farmington Hills, Michigan location. The currently monthly rent of the California lease, including rent, property taxes and insurance, is approximately $25,000. We also lease office space in Japan, which costs approximately $1,900 per month. We believe that these facilities are adequate and suitable for their present requirements.

ITEM 3. LEGAL PROCEEDINGS

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

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

No matter was submitted to a vote of security holders of the Company during the fourth quarter of the fiscal year ended December 31, 2005.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on The Nasdaq SmallCap Market under the symbol ARGN. The following table sets forth the high and low sale prices for our common stock as reported on The Nasdaq SmallCap Market for each quarterly period from January 1, 2004 through December 31, 2005.

	High	Low
2004		
1st Quarter	$5.70	$4.21
2nd Quarter	6.52	4.50
3rd Quarter	5.81	2.86
4th Quarter	3.76	2.38
2005		
1st Quarter	$4.92	$3.35
2nd Quarter	4.25	3.50
3rd Quarter	6.37	3.00
4th Quarter	6.30	4.86

As of March 10, 2006, there were approximately 104 holders of record of our common stock (not including beneficial owners holding shares in nominee accounts). We have not paid any cash dividends since formation and we do not expect to pay any cash dividends in the foreseeable future. During 2005, including during the fourth quarter of 2005, we did not repurchase any shares of our common stock.

For details concerning securities authorized for issuance under our equity compensation plans, refer to the information contained under the caption "Proposals to be Voted On: Approval of the Amerigon Incorporated 2006 Equity Incentive Plan" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data have been derived from our audited financial statements, some of which appear under Item 15 of this Report. This selected financial data might not be a good indicator of our expected results for fiscal 2006. You should read the selected financial data together with the financial statements and notes to financial statements from which this information is derived and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of this Report.

	Year Ended December 31, (In thousands except per share data)				
	2005	2004	2003	2002	2001
Product revenues	$ 35,737	$ 32,710	$ 29,042	$ 15,271	$ 6,447
Operating Income (loss)	2,570	786	(1,554)	(6,168)	(7,537)
Net income (loss)(1)	16,549	1,059	(1,415)	(6,306)	(7,691)
Basic earnings (loss) per share:					
Common Stock	0.79	0.06	(0.12)	(0.64)	(1.66)
Convertible Preferred Stock	0.79	0.06	—	—	—
Diluted earnings (loss) per share	0.76	0.05	(0.12)	(0.64)	(1.66)
Accumulated deficit	(52,958)	(69,507)	(70,566)	(69,151)	(62,845)

	As of December 31, (In thousands)				
	2005	2004	2003	2002	2001
Working capital (deficit)(2)	$ 15,646	$ 9,571	$ 4,122	$ 1,216	$ (839)
Total assets	37,253	16,293	11,234	9,179	5,836
Long term obligations	850	1,050	1,250	1,450	1,694

(1) Net income for the year ended December 31, 2005 reflects a reduction in the valuation allowance relating to the Company's Federal Net Operating Loss (NOL) carryforwards resulting in an income tax benefit of $13,495,000. See Note 4 to the Consolidated Financial Statements under Item 15 for a more detailed explanation.

(2) Represents current assets less current liabilities.

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

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

Overview

We design, develop and market proprietary high technology electronic systems for sale to automobile and truck original equipment manufacturers. In 2005, we completed our sixth full year of producing and selling our Climate Control Seat™ ("CCS™") product, which provides year-round comfort by providing both active heating and cooling to seat occupants. Since we started commercial production, we have shipped more than 1,880,000 units of our CCS product to several customers: Bridgewater, NHK, Lear, JCI, Marubeni Vehicle Corporation, Intier Automotive. These customers in turn sell our product, as a component of an entire seat or seating system, to automobiles manufactured by the Ford Motor Company, General Motors, Toyota Motor Corporation, Nissan. We also sell directly to Hyundai.

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

Critical Accounting Policies

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

- Warranty reserves;
- Allowances for doubtful accounts;
- Deferred tax asset valuation allowance and
- Inventory reserves.

Revenue Recognition

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

Provision for estimated future cost of warranty for product delivered is recorded when revenue is recognized. While we believe our warranty reserve is adequate and that the judgment applied is appropriate, such estimates could differ materially from what will actually transpire in the future. The warranty policy is reviewed by management annually. Based on historical information available to the Company and claims filed to date, the warranty accrual is periodically adjusted to reflect management's best estimate of future claims.

Income Taxes

Our income taxes are determined under guidelines prescribed by Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes” (“SFAS 109”). Under the liability method specified by SFAS 109, our deferred tax assets and liabilities are measured each year based on the difference between the financial statement and tax bases of assets and liabilities at the applicable enacted Federal and State tax rates. A valuation allowance is provided for the portion of net deferred tax assets when we consider it more likely than not that the asset will not be realized. Prior to 2005 a full valuation allowance was provided against the net deferred tax asset. Our deferred tax assets are largely comprised of net operating losses (“NOLs”) generated during our development period. We have now been profitable for the past two years and expect to be profitable in the future. At our current rate of taxable income, we expect to utilize our available NOLs over the next ten years. If future annual taxable income drops below approximately 65% of our current annual taxable income, there is a risk that some of our NOLs would expire. We do not expect significant differences between our taxable income and our book earnings before income taxes. As such, we have concluded that it is more likely than not that we will realize all or a portion of our net deferred tax assets and have reversed a portion of the valuation allowance. We recorded a benefit for income taxes in 2005 as a result of this reversal totaling $14,357,000.

Stock Options

The Company has two stock-based employee compensation plans. Stock-based compensation is accounted for using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

Results of Operations Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Product Revenues. Product revenues for 2005 were $35,737,000 compared with revenues of $32,710,000 for 2004 representing an increase of $3,027,000, or 9%. Higher average unit prices, higher sales from new product introductions and higher sales on Asian programs were partially offset by lower sales on our existing North American based programs. Unit shipments were the same for 2005 and 2004 at 503,000 units. Higher average prices per unit were the result of a change in the mix of products sold being weighted more to CCS systems having higher Amerigon content during 2005 compared with that of 2004. Content varies between programs based upon differing customer sourcing patterns of certain components that complement the CCS system. Asian sales benefited by the addition of our CCS product as an option on the Infiniti M45 during the fourth quarter of 2004. In North America, two new products equipped with CCS began production during the third quarter 2005 including the Buick Lucerne and the Lincoln Zephyr and a third new product, the newly designed Cadillac Escalade began production late in the fourth quarter. Additionally, our North American sales were benefited by production for the newly redesigned Cadillac DTS which is equipped with CCS. We experienced higher sales on this vehicle compared with the predecessor vehicle as the OEM built inventory toward the end of the third quarter. Partially offsetting these increases were lower sales for the Lincoln Aviator which was cancelled by the OEM during the third quarter. During 2005, despite significant selling incentives offered by the OEM’s to their customers, North American car manufacturers significantly reduced their production schedules for new vehicles, including some vehicles equipped with the CCS System, in an effort to reduce higher then average stockpiles of new vehicles in inventory.

Cost of Sales. Cost of sales increased to $25,072,000 in 2005 (70%, as a percentage of sales) from $24,209,000 in 2004 (74%, as a percentage of sales). This increase of $863,000, or 4%, is attributable to the higher production volume offset partially by a favorable change in the mix of products sold, better coverage of fixed costs and by our continued cost reduction efforts.

Net Research and Development Expenses. Net research and development expenses increased to $2,633,000 in 2005 from $2,226,000 in 2004 net of cost reimbursements of $3,496,000 and $1,656,000 in 2005 and 2004, respectively. This $407,000, or 18%, increase was due primarily to higher costs associated with product development activities and higher prototype costs associated with our next generation of CCS design, partially offset by the increase in reimbursement for development efforts of our BSST subsidiary. We expect that our net research and development expenses will increase during 2006 as we increase our development activities surrounding the advanced TED technology.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased slightly to $5,462,000 in 2005 compared with $5,489,000 in 2004. This $27,000, or 0.5%, decrease was primarily due to the elimination of $293,000 in amortization relating to the Ford Motor Company warrant valuation which became fully amortized on December 31, 2004 when the agreement expired and a customer reimbursement of expenses associated with our European office. These decreases were partially offset by higher management incentive bonuses, costs associated with a change in our state of incorporation and costs associated with our efforts to comply with certain provisions of the Sarbanes-Oxley Act of 2002.

Interest Income. We had interest income of $283,000 in 2005 compared with $56,000 in 2004. The increase of $227,000 resulted from having higher cash reserves during 2005 as compared with 2004 and due to higher average yields on our cash investments (see “Liquidity and Capital Resources”).

Results of Operations Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Product Revenues. Product revenues for 2004 were $32,710,000 as compared with product revenues of $29,042,000 for 2003. This increase of $3,668,000, or 13%, is primarily due to the addition of our CCS product as an option since the fourth quarter of 2003 on the Cadillac Escalade ESV and Nissan Fuga (a counterpart to the Nissan Cima) and the effect of a full year of production for vehicles which added the CCS product as an option during 2003, including the Mercury Monterey, Cadillac XLR, Cadillac DeVille, Hyundai Equus and Nissan Cima vehicle lines. During 2004, unit shipments rose to 503,000 units compared with 446,000 units for 2003.

Cost of Sales. Cost of sales increased to $24,209,000 in 2004 (74%, as a percentage of sales) from $23,002,000 in 2003 (79%, as a percentage of sales). This increase of $1,207,000, or 5%, reflects a 13% increase in related revenues offset partially by a favorable change in the mix of products sold.

Net Research and Development Expenses. Net research and development expenses decreased to $2,226,000 in 2004 from $2,487,000 in 2003. This $261,000 decrease was due primarily to an increase in reimbursement for development efforts of our BSST subsidiary for 2004 compared with 2003 (see Note 16 of the Consolidated Financial Statements) and lower prototype costs associated with our next generation of CCS design.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $5,489,000 in 2004 compared to $5,110,000 in 2003. This $379,000 increase is net of a $676,000 charge in 2003 relating to the VPA (see Note 11 of the Consolidated Financial Statements). Excluding this charge, the increase in SG&A was $1,055,000 and reflected projected payment of an earnings-based management bonus of $540,000, the commencement of cash compensation to the Board of Directors of $146,000 and higher wages and benefits associated with headcount added to support domestic, Asian and European marketing efforts of approximately $400,000.

Interest Expense. We had no interest expense for 2004 compared with $69,000 for 2003. The decrease resulted from having no outstanding borrowing under our credit line during the 2004, compared with an average outstanding balance of $821,000 during 2003.

Liquidity and Capital Resources

As of December 31, 2005, the Company had net working capital of $15,646,000. The following table represents our cash and cash equivalents and short-term investments:

	December 31, 2005	December 31, 2004
Cash and cash equivalents	$ 1,364	$ 1,078
Short-term investments	9,975	6,525
	$ 11,339	$ 7,603

We manage our cash, cash equivalents and short-term investments in order to fund operating requirements. Cash and cash equivalents increased by $286,000 to $1,364,000 in 2005. Short-term investments increased $3,450,000 to $9,975,000 during the same period. In 2005, we determined that investments in Auction Rate Securities ("ARS") should be classified as short-term investments. Previously such investments had been classified as cash and cash equivalents. ARS generally have long-term maturities; however, these investments have characteristics similar to short-term investments because at predetermined intervals, generally every seven days, there is a new auction process. We recorded investments in ARS as of December 31, 2005 as short-term investments and reclassified ARS as of December 31, 2004 that were previously included in cash and cash equivalents to short-term investments.

Cash provided by operating activities in 2005 was $2,520,000, which was mainly attributable to net income, net of depreciation, deferred income tax benefit and other non cash items of $13,357,000 offset partially by the increase in net operating assets and liabilities of $1,137,000. Cash used in investing activities in 2005 was $4,083,000, which was mainly attributable to the net purchase of short-term investments of $3,450,000, tooling and equipment expenditures totaling $427,000 and disbursements for the filing and issuance of patents of $206,000. Financing activities provided $1,849,000, primarily due to the exercise of warrants. Our principal sources of operating capital have been the proceeds of our various financing transactions and CCS product revenues.

On October 28, 2005, the Company obtained a new credit line ("Revolving Credit Line") with Comerica Bank to fund future working capital requirements. This loan is a $10,000,000 Revolving Credit Line with the debt not to exceed the lesser of the Revolving Credit Line or the Borrowing Formula (60%-85% of eligible accounts receivable up to 90 days from invoice date plus 50% of eligible inventory). At December 31, 2005, no revolving loans were outstanding and approximately $6,600,000 was available under the Revolving Credit Line. Loans under the Revolving Credit Line can be made, at the election of the Company, as Prime-based loans or Eurodollar-based loans. Interest is payable in arrears quarterly on Prime-based loans, and in arrears of one, two or three months on Eurodollar-based loans, determined by the length of the Eurodollar-based loan, as selected by the Company. Prime-based loans bear interest at Comerica Bank's prime rate (7.25% at December 31, 2005). Eurodollar-based loans bear interest at a variable rate plus an applicable margin as outlined in the Revolving Credit Line agreement. The applicable margin is based upon the Company's Leverage Ratio, as defined by the Revolving Credit Line agreement. The Revolving Credit Line also provides for a letter of credit sub-facility of $5,000,000. At December 31, 2005 there were no letters of credit outstanding. Under the terms of the credit agreement, the Company must maintain certain financial ratios including a minimum tangible net worth ratio, maximum leverage ratio and maximum ratio of funded debt to EBITDA, as defined by the credit agreement. The Revolving Credit Line is secured by all of the Company's assets and expires on November 1, 2008.

BSST is engaged in a research and product development effort to improve the efficiency of thermoelectric devices. Amerigon and Dr. Bell own 85% and 15%, respectively, of the outstanding interests in BSST. Potential incentive and option agreements for BSST management could reduce Amerigon's 85% ownership interest to 75% if all incentive targets are achieved and all of the options are awarded. The Company has, as the majority owner of BSST, certain funding obligations to BSST of up to $500,000 per year.

For the quarter ended December 31, 2005, we posted our ninth consecutive quarterly profit. We expect to continue to operate at a profit at average sales volumes comparable to or better than that of the fourth quarter of 2005. The Company has funded its financial needs from inception primarily through net proceeds received through its initial public offering as well as other equity and debt financing. Based on its current operating plan, management believes cash at December 31, 2005 along with proceeds from future revenues and borrowings from its Revolving Credit Line are sufficient to meet operating needs for the foreseeable future.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 123R "Share-Based Payment". This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. The statement focuses primarily on accounting for transactions with an entity obtains employee services in share-based payment transactions, such as the options issued under the Company's Stock Option Plans. The Company is required to adopt this new standard effective for the first quarter of 2006. The statement provides for, and the Company has elected to adopt using the modified prospective application under which compensation cost will be recognized on or after the required effective date for all future share based award grants and the portion of outstanding awards for which the requisite service has not been rendered, based on the grant-date fair value of those awards calculated under Statement 123 for pro forma disclosures. The Company has estimated that the modified prospective application will reduce earnings by approximately $416,000 ($0.02 per fully diluted share) in 2006 based upon currently outstanding options.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error—a replacement of APB Opinion No. 20 and SFAS No. 3". This statement changes the requirements for accounting and reporting of a voluntary change in accounting principle and changes required by an accounting pronouncement when the specific transition provision are absent. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle. If it is impracticable to determine either the period-specific effects or the cumulative effect of the change, this statement requires that the new accounting principle be adopted prospectively from the earliest practicable date. SFAS No. 154 is effective in fiscal years beginning after December 15, 2005. We do not expect any impact on our financial position and results of operations.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements (as such term is defined in Item 303(a)(4)(ii) of Regulation S-K (17 CFR 229.303)) that have, or are deemed to be reasonably likely to have, a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that would be material to investors.

Tabular Disclosure of Contractual Obligations

As of December 31, 2005, the following amounts, aggregated by type of contract obligation, are known to come due in the periods stated:

	Payments due by period (in thousands)				
Contractual Obligations	**Total**	**Less than 1 Yr**	**1-3 Yrs**	**3-5 Yrs**	**More than 5 Yrs**
Operating Lease Obligations	$1,626	$ 479	$ 520	$ 479	$ 148

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We place our investments in debt instruments of the U. S. government and in high-quality corporate issuers. As stated in our policy, we seek to ensure the safety and preservation of our invested funds by limiting default risk and market risk. We have no investments denominated in foreign country currencies and therefore are not presently subject to foreign exchange risk.

The table below presents the carrying value and related weighted average interest rates for our investment portfolio. The Company considers all highly liquid investments purchased with original maturities of less than 90 days to be cash equivalents; consequently, all of the marketable securities shown in below are expected to mature during 2006. The carrying value approximates fair value at December 31, 2005.

Marketable Securities	Carrying Value (in thousands)	Average Rate of Return at December 31, 2005
Cash equivalents	$ 1,281,000	3.73%
Short-term investments	$ 9,975,000	4.45%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Unaudited Quarterly Financial Data
For the Years Ended December 31, 2005 and 2004
(In thousands, except per share data)

	For the three months ended,			
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005
Net Sales	$ 8,957	$8,562	$ 8,256	$ 9,962
Gross profit	2,464	2,458	2,645	3,098
Operating income	367	338	748	1,117
Net income(1)	462	454	878	14,755
Basic earnings per share:				
Common Stock	0.02	0.02	0.04	0.70
Convertible Preferred Stock	0.02	0.02	0.04	0.70
Diluted earnings per share	0.02	0.02	0.04	0.67

	For the three months ended,			
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
Net Sales	$ 8,961	$8,630	$ 7,331	$ 7,788
Gross profit	2,088	2,236	1,944	2,233
Operating income	250	239	118	179
Net income	301	295	206	257
Basic earnings per share:				
Common Stock	0.02	0.02	0.01	0.01
Convertible Preferred Stock	0.02	0.02	0.01	0.01
Diluted earnings per share	0.01	0.01	0.01	0.01

(1) Net income for the quarter ended December 31, 2005 reflects a reduction in the valuation allowance relating to the Company's Federal Net Operating Loss (NOL) carryforwards resulting in an income tax benefit of $13,495,000. See Note 4 to the Consolidated Financial Statements under Item 15 for a more detailed explanation.

The sum of the quarterly amounts shown above may not be the same as the annual totals shown in our consolidated financial statements or elsewhere in this report due to rounding. The audited consolidated financial statements and related financial information required to be filed hereunder are indexed on page F-1 of this report and are incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management, including the our President & Chief Executive Officer and Vice President of Finance & Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the year ended December 31, 2005. Based upon, and as of the date of that evaluation, the President & Chief Executive Officer and Vice President of Finance & Chief Financial Officer concluded that the disclosure controls and procedures were effective.

There was no change in our internal control over financial reporting identified in connection with such evaluation that occurred during the three months ended December 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

Table of Contents

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference from the information contained under the captions entitled "Board of Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Audit Committee" and "Code of Ethics" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information contained under the captions entitled "Director Compensation," "Executive Compensation Table," "Compensation Committee Interlocks and Insider Participation," "Option Grants in the Last Fiscal Year," "Aggregated Options Exercised and Year-End Values," "Report of the Compensation Committee on Executive Compensation" and "Performance Graph" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from the information contained under the captions entitled "Security Ownership of Certain Beneficial Owners and Management" and "Proposals to be Voted On: Approval of the Amerigon Incorporated 2006 Equity Incentive Plan" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference from the information contained under the caption entitled "Certain Transactions" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference from the information contained under the caption entitled "Report of the Audit Committee" in our definitive proxy statement to be filed with the SEC in connection with our 2006 Annual Meeting of Shareholders.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

1. Financial Statements.

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

	Page
Consolidated Balance Sheets	F-2
Consolidated Statements of Operation	F-3
Consolidated Statements of Shareholders' Equity (Deficit)	F-4
Consolidated Statements of Cash Flows	F-5
Notes to the Consolidated Financial Statements	F-6
Report of Independent Registered Public Accounting Firm.	F-22

2. Financial Statement Schedule.

The following Schedule to Financial Statements is included herein:

Schedule II—Valuation and Qualifying Accounts.

3. Exhibits.

The exhibits to this Report are as follows:

Exhibit Number	Description
3.1.1	Articles of Incorporation(1)
3.1.2	Plan of Merger dated March 23, 2005 by which the Articles of Incorporation were amended effective as of May 20, 2005(1)
3.2	Bylaws of the Company(1)
4.1.1	First Warrant issued to Ford Motor Company as of March 27, 2000 pursuant to the Value Participation Agreement dated March 27, 2000(2)
4.1.2	Second Warrant issued to Ford Motor Company as of March 27, 2000 pursuant to the Value Participation Agreement dated March 27, 2000(10)
4.1.3	Third Warrant issued to Ford Motor Company as of February 4, 2004 pursuant to the Value Participation Agreement dated March 27, 2000(10)
10.1*	1993 Stock Option Plan(4)
10.2.1*	Amended and Restated 1997 Stock Incentive Plan(5)
10.2.2*	First Amendment to Amended and Restated 1997 Stock Incentive Plan(1)
10.2.3*	Second Amendment to Amended and Restated 1997 Stock Incentive Plan(1)
10.3.1	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc.(4)
10.3.2	Amendment to Option and License Agreement between the Company and Feher Design dated September 1, 1997(6)
10.4	Manufacturing and Supply Agreement between the Company and Ferrotec Corporation dated March 28, 2001(7)

Exhibit Number	Description
10.5	Purchase Agreement dated February 12, 2002 between the Company and Special Situation Funds (includes preemption rights in favor of Special Situation Funds)(3)
10.6	Purchase Agreement dated February 12, 2002 between the Company and MicroCapital Funds (includes preemption rights in favor of MicroCapital Funds)(3)
10.7	Exchange Agreement between the Company and Big Beaver Investments LLC dated February 12, 2002 (includes preemption rights in favor of Big Beaver Investments LLC)(3)
10.8.1	Investors Rights among the Company, Big Beaver Investments LLC and Westar Capital II LLC dated June 8, 1999(8)
10.8.2	First Amendment to Investors Rights Agreement among the Company, Big Beaver Investments LLC and Westar Capital II LLC dated March 16, 2000(3)
10.9	Value Participation Agreement between the Company and Ford Motor Company dated March 27, 2000(2)
10.10.1*	Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(9)
10.10.2*	First Amendment to Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(11)
10.11	Employment Agreement between Dr. Lon E. Bell and BSST LLC dated May 30, 2001(9)
10.12	Revenue Sharing Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(9)
10.13.1	Amended and Restated Operating Agreement of BSST LLC dated May 30, 2001(8)
10.13.2	First Amendment dated November 13, 2001 to Amended and Restated Operating Agreement of BSST LLC(11)
10.13.3	Second Amendment dated June 1, 2005 to Amended and Restated Operating Agreement of BSST LLC(11)
10.14	Cross License Agreement between the Company and BSST LLC dated November 19, 2002 (10)
21	List of Subsidiaries
23.1	Consent of PricewaterhouseCoopers LLP
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates management contract or compensatory plan or arrangement.

(1) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed May 25, 2005 and incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 and incorporated herein by reference.

(3) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2001 and incorporated herein by reference.

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

(5) Previously filed as an exhibit to the Company's Definitive Proxy Schedule on Schedule 14A with respect to the Company's 2001 Annual Meeting of Stockholders, File No. 000-21810, and incorporated herein by reference.

(6) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1997 and incorporated herein by reference.
(7) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and incorporated herein by reference.
(8) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 18, 1999 and incorporated herein by reference.
(9) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference.
(10) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2004 and incorporated herein by reference.
(11) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 6, 2005 and incorporated herein by reference.

[Table of Contents](#)

INDEX TO FINANCIAL STATEMENTS

	Page
Consolidated Balance Sheets for as of December 31, 2005 and 2004	F-2
Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003	F-3
Consolidated Statements of Shareholders' Equity (Deficit) for the years ended December 31, 2005, 2004 and 2003	F-4
Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003	F-5
Notes to the Consolidated Financial Statements	F-6
Report of Independent Registered Public Accounting Firm	F-23

AMERIGON INCORPORATED

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	December 31, 2005	December 31, 2004
ASSETS		
Current Assets:		
Cash & cash equivalents	$ 1,364	$ 1,078
Short-term investments	9,975	6,525
Accounts receivable, less allowance of $295 and $59, respectively	7,891	4,763
Inventory	2,712	1,901
Deferred income tax assets	1,447	—
Prepaid expenses and other assets	7	308
Total current assets	23,396	14,575
Property and equipment, net	1,177	1,385
Deferred financing costs	16	—
Patent costs, net of accumulated amortization of $11 and $4, respectively	533	333
Deferred income tax assets	12,131	—
Total assets	$ 37,253	$ 16,293
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 5,323	$ 3,199
Accrued liabilities	2,227	1,605
Deferred manufacturing agreement—current portion	200	200
Total current liabilities	7,750	5,004
Deferred manufacturing agreement—long term portion	850	1,050
Total liabilities	8,600	6,054
Shareholders' equity:		
Convertible Preferred Stock:		
Series A—no par value; convertible; 9,000 shares authorized, 9,000 issued and outstanding at December 31, 2005 and 2004; liquidation preference of $11,520 at December 31, 2005 and 2004	8,267	8,267
Common Stock:		
No par value; 30,000,000 shares authorized, 15,874,557 and 14,693,251 issued and outstanding at December 31, 2005 and 2004, respectively	53,142	51,277
Paid-in capital	20,202	20,202
Accumulated deficit	(52,958)	(69,507)
Total shareholders' equity	28,653	10,239
Total liabilities and shareholders' equity	$ 37,253	$ 16,293

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year Ended December 31,		
	2005	2004	2003
Product revenues	$35,737	$32,710	$29,042
Cost of sales	25,072	24,209	23,002
Gross margin	10,665	8,501	6,040
Operating costs and expenses:			
Research and development expenses	6,129	3,882	3,634
Reimbursed research and development expenses	(3,496)	(1,656)	(1,147)
Net research and development expenses	2,633	2,226	2,487
Selling, general and administrative	5,462	5,489	5,110
Gain on disposal of property and equipment	—	—	(3)
Total operating costs and expenses	8,095	7,715	7,594
Operating income (loss)	2,570	786	(1,554)
Interest income	283	56	—
Interest expense	—	—	(69)
Other income	201	217	208
Earnings before income tax	3,054	1,059	(1,415)
Income tax benefit	13,495	—	—
Net Income (loss)	$16,549	$ 1,059	$ (1,415)
Basic earnings (loss) per share:			
Common Stock	$ 0.79	$ 0.06	$ (0.12)
Convertible Preferred Stock	$ 0.79	$ 0.06	
Diluted earnings (loss) per share	$ 0.76	$ 0.05	$ (0.12)
Weighted average number of shares—basic			
Common Stock	15,496	13,512	11,472
Convertible Preferred Stock (as converted)	5,373	5,373	
Weighted average number of shares—diluted	16,116	14,737	11,472

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

(In thousands)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2002	$ 8,267	10,771	$ 43,051	$ 19,504	$ (69,151)	$ 1,671
Issuance of Common Stock for cash, Ferrotec Agreement, net of cash expenses of $50	—	1,000	2,450	—	—	2,450
Exercise of warrants to purchase Common Stock for cash, net of cash expenses of $15	—	616	1,202	—	—	1,202
Exercise of Common Stock options for cash	—	24	55	—	—	55
Grant of warrant to purchase Common Stock in conjunction with Value Participation Agreement	—	—	—	676	—	676
Net Loss	—	—	—	—	(1,415)	(1,415)
Balance at December 31, 2003	8,267	12,411	46,758	20,180	(70,566)	4,639
Exercise of warrants to purchase Common Stock for cash, net of cash expenses of $55	—	2,262	4,470	—	—	4,470
Cashless exercise of warrants to purchase Common Stock	—	4	—	—	—	—
Compensation relating to stock option granted	—	—	—	22	—	22
Exercise of Common Stock options for cash	—	16	49	—	—	49
Net Income	—	—	—	—	1,059	1,059
Balance at December 31, 2004	$ 8,267	14,693	$ 51,277	$ 20,202	$ (69,507)	$ 10,239
Exercise of warrants to purchase Common Stock for cash, net of cash expenses of $12	—	1,037	1,784	—	—	1,784
Cashless exercise of warrants to purchase Common Stock	—	107	—	—	—	—
Exercise of Common Stock options for cash	—	38	81	—	—	81
Net Income	—	—	—	—	16,549	16,549
Balance at December 31, 2005	$ 8,267	15,875	$ 53,142	$ 20,202	$ (52,958)	$ 28,653

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31, 2005	2004	2003
Operating Activities:			
Net income (loss)	$ 16,549	$ 1,059	$(1,415)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	440	661	523
Deferred income tax benefit	(13,578)	—	—
Warrants granted pursuant to Value Participation Agreement	—	—	676
Other non cash income	—	(19)	—
Provision for doubtful accounts	236	4	1
Gain from sale of assets	—	—	(3)
Options granted to BSST minority shareholder	—	—	19
Compensation from grant of non-employee stock options and warrants	—	22	—
Changes in operating assets and liabilities:			
Accounts receivable	(3,357)	1,114	(1,353)
Inventory	(812)	597	(595)
Prepaid expenses and other assets	296	(83)	340
Accounts payable	2,123	(1,059)	(38)
Accrued liabilities	623	737	(22)
Net cash provided by (used in) operating activities	2,520	3,033	(1,867)
Investing Activities:			
Purchases of short-term investments	(19,450)	(28,175)	—
Sales of short-term investments	16,000	21,650	—
Purchase of property and equipment	(427)	(653)	(465)
Patent costs	(206)	(140)	(136)
Proceeds from sale of property and equipment	—	—	3
Other investing activities	—	—	(2)
Net cash used in investing activities	(4,083)	(7,318)	(600)
Financing Activities:			
Repayment of proceeds from bank financing	—	—	(670)
Cash paid for financing costs	(16)	—	—
Proceeds from sale of common stock, net of cash expenses	1,865	4,519	3,707
Net cash provided by financing activities	1,849	4,519	3,037
Net increase in cash and cash equivalents	286	234	570
Cash and cash equivalents at beginning of period	1,078	844	274
Cash and cash equivalents at end of period	$ 1,364	$ 1,078	$ 844

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

Note 1 — The Company

The Company designs, develops and markets proprietary high technology electronic components and systems for sale to car and truck original equipment manufacturers ("OEMs"). The Company's primary product is the Climate Control Seat™ ("CCS™"), which provides year-round comfort by providing both heating and cooling to seat occupants. The Company has shipped more than 1,880,000 units of its CCS product through 2005. Although the Company markets CCS to OEM's, the Company's primary customers are the OEM's tier one seating suppliers including, Johnson Controls, Inc. ("JCI"), Lear Corporation ("Lear"), Bridgewater Interiors, LLC ("Bridgewater"), NHK Spring Company, Ltd ("NHK"), Marubeni Vehicle Corporation ("Marubeni") and Intier Automotive ("Intier"). Hyundai Motor Company ("Hyundai"), an OEM, is also a direct customer.

In 2003, the Company launched a newly designed and more efficient version of its CCS that incorporates its new Micro Thermal Module™ ("MTM™") technology. This new generation CCS system, which is based on the Company's proprietary thermoelectric technology device ("TED") is smaller, lighter, quieter and more versatile than its predecessor.

The Company has an 85% interest in BSST LLC ("BSST"). BSST is engaged in a program to improve the efficiency of TEDs and to develop, market and distribute new products based on this technology.

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation

Consolidation

The consolidated financial statements at December 31, 2005, reflect the consolidated financial position and consolidated operating results of the Company, BSST and Amerigon Asia Pacific Inc. Intercompany accounts have been eliminated in consolidation. The 15% of BSST not owned by the Company is reflected as minority interest.

Cash and Cash Equivalents

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

Short-Term Investments

The Company's short-term investments consist of Auction Rate Securities ("ARS") which represent funds available for current operations. ARS are debt instruments with a long-term nominal maturity for which the interest rate is reset through a "Dutch auction" process. The Company invests in ARS that have auctions held every seven days. The Company has determined that investments in ARS should be classified as short-term investments. In prior years, ARS were included as part of "Cash & cash equivalents" and the Company reported no short-term investments. The classification for prior periods has been revised and ARS are now classified as short-term investments, and purchases and sales of these securities have been reflected as investing activities in the consolidated statements of cash flows. As of December 31, 2004, the classification of $6,525,000 of ARS, previously included in cash and cash equivalents, has been revised and classified as short-term investments.

Disclosures About Fair Value of Financial Instruments

The carrying amount of all financial instruments, comprising cash and cash equivalents, short-term investments, accounts receivable, accounts payable, accrued expenses, and bank loans, approximates fair value because of the short maturities of these instruments.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation (Continued)

Use of Estimates

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

Accrued Warranty Costs

The Company recognizes an estimated cost associated with its standard warranty on CCS products at the time of sale. The amount recognized is based on estimates of future failure rates and current claim cost experience. The following is a reconciliation of the changes in accrued warranty costs for the reporting period:

	December 31,	
	2005	2004
Balance at beginning of year	$227	$145
Change in estimate	—	—
Expense	189	82
	$416	$227

Concentration of Credit Risk

Financial instruments, which subject the Company to concentration of credit risk, consist primarily of cash equivalents short-term investments and accounts receivable. Cash equivalents and short-term investments are invested in ARS backed by commercial paper instruments and a money market fund managed by a major U.S. financial services company. All repurchase agreements carry AAA credit ratings from either Moodys Investors Service or Standard & Poor’s and have seven day terms. The credit risk for these cash equivalents and short-term investments is considered limited. Credit risk associated with accounts receivable is limited by the large size and creditworthiness of the Company’s commercial customers. The Company maintains an allowance for uncollectible accounts receivable based upon expected collectibility and generally does not require collateral. As of December 31, 2005 Lear, Bridgewater and NHK comprised 40%, 26%, and 13% respectively, of the Company’s accounts receivable balance. As of December 31, 2004 NHK, Lear, Bridgewater and comprised 33%, 27%, and 20% respectively, of the Company’s accounts receivable balance. These accounts are currently in good standing.

Inventory

Inventory is valued at the lower of cost (the first-in, first-out basis), or market. The Company provides a reserve for obsolete and slow moving inventories based upon estimates of future sales and product redesign. The following is a reconciliation of the changes in the inventory reserve (in thousands):

	December 31,	
	2005	2004
Balance at beginning of year	$120	$ 225
Expense	176	10
Inventory write off	(11)	(115)
Balance at end of year	$285	$ 120

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation (Continued)

Deferred Exclusivity Fee

The deferred exclusivity fee created by the 108,345 warrants initially granted to Ford Motor Company ("Ford") relating to the Value Participation Agreement (the "VPA")(Note 11) was amortized on a straight line basis through December 31, 2004. This expense is recorded as a selling expense.

Deferred Manufacturing Agreement

The Manufacturing and Supply Agreement ("Ferrotec Agreement") created by the $2 million investment by Ferrotec Manufacturing ("Ferrotec"), a Tokyo-based manufacturer, (Note 14) is amortized on a straight line basis through April 2011. This amortization is reported as other income.

Property and Equipment

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

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

Asset Category	Useful Life
Equipment	5 years
Computer equipment and software	1 to 3 years
Leasehold improvements	Shorter of estimated life or term of lease
Production tooling	Estimated life of tool (2 to 5 years)

Patent Costs

Patent costs include the direct legal expenses and patent office filing fees related to internally developed patents. Patent costs are amortized upon issuance using the straight-line method over their estimated economic useful life which is generally 17 years. Estimated useful lives are evaluated annually and where appropriate the lives and related amortization expense are adjusted on a prospective basis.

Impairments of Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", whenever events or changes in circumstances indicate that carrying amount of a long-lived asset may not be recoverable, the Company will compare the carrying amount of the asset to the amount of the expected future undiscounted cash flows related to the asset to determine if a write down to fair value is required.

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation (Continued)

Product Revenues

The Company recognizes revenue and cost of goods sold when persuasive evidence of an arrangement exists including:

- Shipment and delivery of the product to the customer;
- The seller's price to the buyer is fixed or determinable; and
- Collectibility is reasonably assured.

Tooling

The Company incurs costs related to tooling used in the manufacture of products sold to its customers. In some cases, the Company enters into contracts with its customers whereby the Company incurs the costs to design, develop and purchase tooling and is then reimbursed by the customer under a reimbursement contract. Tooling costs that will be reimbursed by customers are included in prepaid and other current assets at the lower of accumulated cost or the customer reimbursable amount. Company-owned tooling is included in property and equipment and depreciated over its expected useful life, generally two to five years. Management periodically evaluates the recoverability of tooling costs, based on estimated future cash flows, and makes provisions, where appropriate, for tooling costs that will not be recovered.

Research and Development Expenses

Research and development activities are expensed as incurred. The Company groups development and prototype costs and related reimbursements in research and development.

The Company has joint Development Agreements with Visteon and United Technologies Corporation. These agreements provide for the joint development of certain TED based products for specific markets whereby the Company is reimbursed for certain development costs. The agreements do not provide for specific amounts of reimbursement. Under the terms of the agreements each of the parties retains ownership rights to certain intellectual property developed in the course of the development agreement but grants the other a non-exclusive, royalty free license to that technology subject to certain limitations. The agreements also create a four year exclusive supply arrangement where certain product components would be supplied by the Company.

During 2004, the Company received a Financial Assistance Award from the U.S. Department of Energy ("DOE"). Under the terms of the award, the DOE is expected to reimburse the Company for 75% of certain development costs over the course of a four phase project. The budget for all phases of the program is $6,294 of which $4,720 is expected to be reimbursed. The reimbursement and progress of the program is subject to certain budget restraints of the U.S. Federal Government ("US Government"). The terms of the award provide for the Company to retain ownership of intellectual property developed during the course of the program. The agreement also grants the US Government a non-exclusive, nontransferable, irrevocable, paid-up license to that intellectual property.

Accounting for Stock-Based Compensation

The Company has two stock-based employee compensation plans, which are described more fully in Note 9. Stock-based compensation is accounted for using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation (Continued)

employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123, to stock-based employee compensation.

	Year ended December 31,		
	2005	2004	2003
Net income (loss), as reported	$16,549	$1,059	$(1,415)
Value of stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	(429)	(627)	(377)
Pro forma net income (loss)	$16,120	$ 432	$(1,792)
Earnings (loss) per share:			
Basic—Common Stock—as reported	$ 0.79	$ 0.06	$ (0.12)
Basic—Common Stock—pro forma	$ 0.77	$ 0.02	$ (0.16)
Basic—Convertible Preferred Stock—as reported	$ 0.79	$ 0.06	
Basic—Convertible Preferred Stock—pro forma	$ 0.77	$ 0.02	
Diluted—as reported	$ 0.76	$ 0.05	$ (0.12)
Diluted—pro forma	$ 0.74	$ 0.02	$ (0.16)

During 2004 the Company issued 5,000 options to non-employees and recorded $22 as selling, general and administrative expense based upon their estimated fair value.

The fair value of each stock option grant has been estimated pursuant to SFAS No. 123 on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1993 and 1997 Stock Option plans		
	2005	2004	2003
Risk-free interest rates	4.48%	4.48%	3.90%
Expected dividend yield	none	none	none
Expected lives	5 yrs.	5 yrs.	10 yrs.
Expected volatility	68%	68%	96%

The weighted average grant date fair values of options granted under the 1993 and 1997 Stock Option Plan during 2005, 2004 and 2003 were $4.18, $2.78 and $2.06, respectively.

Income Taxes

Income taxes are determined under guidelines prescribed by SFAS No. 109, “Accounting for Income Taxes.” Under the liability method specified by SFAS 109, deferred tax assets and liabilities are measured each year based on the difference between the financial statement and tax bases of assets and liabilities at the applicable enacted Federal and State tax rates. A valuation allowance is provided for the net deferred tax assets when management considers it more likely than not that the asset will not be realized.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 2 — Summary of Significant Accounting Policies and Basis of Presentation (Continued)

Net Earnings (Loss) per Share

Basic earnings (loss) per share is computed in accordance with SFAS No. 128, "Earnings Per Share" and Emerging Issues Task Force ("EITF") Issue 03-06. Basic earnings (loss) per share – Common Stock is computed by dividing income (loss) available to Common Stock by the weighted average number of shares of Common Stock outstanding. Basic earnings (loss) per share – Convertible Preferred Stock is computed by dividing the amount of income (loss) allocated to participating Convertible Preferred Stock by the weighted average number of shares of Preferred Stock, as assumed converted to Common Stock. Under EITF 03-06, all securities that meet the definition of a participating security should be considered for inclusion in the computation of basic earnings (loss) per share by using the two-class method. Under the two-class method, earnings (loss) per share is calculated as if all of the earnings (loss) for the period were distributed according to the terms of the securities. The Company's Series A Convertible Preferred Stock is a participating security, but it does not participate in a net loss.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 123R "Share-Based Payment". This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. The statement focuses primarily on accounting for transactions with an entity obtains employee services in share-based payment transactions, such as the options issued under the Company's Stock Option Plans. The Company is required to adopt this new standard effective for the first quarter of 2006. The statement provides for, and the Company has elected to adopt using the modified prospective application under which compensation cost will be recognized on or after the required effective date for all future share based award grants and the portion of outstanding awards for which the requisite service has not been rendered, based on the grant-date fair value of those awards calculated under Statement 123 for pro forma disclosures. The Company has estimated that the modified prospective application will reduce earnings by approximately $416 ($0.02 per fully diluted share) in 2006 based upon currently outstanding options.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error – a replacement of APB Opinion No. 20 and SFAS No. 3". This statement changes the requirements for accounting and reporting of a voluntary change in accounting principle and changes required by an accounting pronouncement when the specific transition provision are absent. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle. If it is impracticable to determine either the period-specific effects or the cumulative effect of the change, this statement requires that the new accounting principle be adopted prospectively from the earliest practicable date. SFAS No. 154 is effective in fiscal years beginning after December 15, 2005. We do not expect any impact on our financial position and results of operations.

Table of Contents

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 3 — Details of Certain Financial Statement Components

	December 31, 2005	December 31, 2004
Inventory:		
Raw materials	$ 1,894	$ 1,622
Finished Goods	818	279
	$ 2,712	$ 1,901
Property and equipment:		
Equipment	$ 2,277	$ 2,156
Production tooling	1,858	1,616
Leasehold improvements	275	279
Computer equipment and software	516	474
	4,926	4,525
Less: Accumulated depreciation	(3,749)	(3,140)
	$ 1,177	$ 1,385
Accrued liabilities:		
Accrued management bonuses	$ 763	$ 543
Accrued salaries and benefits	555	449
Accrued warranty	416	227
Other accrued liabilities	493	386
	$ 2,227	$ 1,605

Note 4 — Income Taxes

The deferred tax assets and deferred tax liabilities and related valuation allowance were comprised of the following:

	December 31, 2005	December 31, 2004
Deferred tax assets:		
Net operating losses	$12,030	$ 12,966
Credits	2,914	2,678
Valuation reserves and accrued liabilities	761	634
Ford VPA warrants	735	735
Deferred revenue	378	450
Depreciation	298	305
Other	89	—
	17,205	17,768
Deferred tax liabilities:		
Accounts receivable	(334)	(190)
Patent costs	(112)	(51)
Property and equipment	(71)	(71)
Other	(11)	—
	(528)	(312)
Valuation allowance	(3,099)	(17,456)
Net deferred tax asset	$13,578	$ —

Table of Contents

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 4 — Income Taxes (Continued)

During 2005 a portion of the valuation allowance was reversed based upon management's expectation that the net deferred tax assets resulting after the valuation allowance reversal are more likely then not to be recovered through future taxable income.

A reconciliation between the statutory Federal income tax rate of 34% and the effective rate of income tax expense for each of the three years in the period ended December 31, 2005 is as follows:

	Year Ended December 31,		
	2005	2004	2003
Statutory Federal income tax rate	34.0%	34.0%	(34.0%)
Increase (Decrease) resulting from:			
State Tax, net of federal benefit	2.0%	2.0%	(5.8%)
Nondeductible expenses	0.2%	0.6%	—
Research and development tax credits	(8.0%)	(9.4%)	12.7%
Expiring state NOL carryforwards	—	9.9%	—
Change in valuation allowance	(470.1%)	(40.4%)	27.1%
Effective rate	(441.9%)	—	—

The Company has Federal Net Operating Loss (NOL) carryforwards of $56,995 at December 31, 2005, which expire between 2008 and 2023. Approximately $31,677 of the Federal NOLs were incurred prior to the June 8, 1999 Preferred Financing, which qualified as a change in ownership under the Internal Revenue Code. The change in ownership limits the amount of the NOL which may be used annually to approximately $591 per year. As a result of the annual limitation, approximately $23,400 of these carryforwards are expected to expire before ultimately becoming available to reduce future tax liabilities. Additionally, at December 31, 2005, the Company has state NOL carryforwards of $6,866 which expire between 2010 and 2013. The NOL incurred after the change in ownership, totaling approximately $25,318, may also be subject to an annual limitation under Section 382 of the Internal Revenue Code to the extent of certain future ownership changes.

The provision (benefit) for income taxes is comprised of the following:

	Year Ended December 31,		
	2005	2004	2003
Currently payable	$ 83	$—	$—
Deferred	(13,578)	—	—
	$(13,495)	$—	$—

Note 5 — Financing

On October 28, 2005, the Company obtained a new credit line ("Revolving Credit Line") with Comerica Bank to fund future working capital requirements. This loan is a $10,000 Revolving Credit Line with the debt not to exceed the lesser of the Revolving Credit Line or the Borrowing Formula (60%-85% of eligible accounts receivable up to 90 days from invoice date plus 50% of eligible inventory). At December 31, 2005, no revolving loans were outstanding and approximately $6,600 was available under the Revolving Credit Line. Loans under the Revolving Credit Line can be made, at the election of the Company, as Prime-based loans or Eurodollar-

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 5 — Financing (Continued)

based loans. Interest is payable in arrears quarterly on Prime-based loans, and in arrears of one, two or three months on Eurodollar-based loans, determined by the length of the Eurodollar-based loan, as selected by the Company. Prime-based loans bear interest at Comerica Bank's prime rate (7.25% at December 31, 2005). Eurodollar-based loans bear interest at a variable rate plus an applicable margin as outlined in the Revolving Credit Line agreement. The applicable margin is based upon the Company's Leverage Ratio, as defined by the Revolving Credit Line agreement. The Revolving Credit Line also provides for a letter of credit sub-facility of $5,000. At December 31, 2005 there were no letters of credit outstanding. The Revolving Credit Line is secured by all of the Company's assets and expires on November 1, 2008. Under the terms of the credit agreement, the Company must maintain certain financial ratios including a minimum tangible net worth ratio, maximum leverage ratio and maximum ratio of funded debt to EBITDA, as defined by the credit agreement.

Note 6 — Private Placement

On February 25, 2002, the Company completed a private placement ("2002 Private Placement") of 6,053,970 shares of Common Stock (of which 1,720,602 shares were given to Big Beaver LLC, a predecessor of W III H Partners, L.P. (one of the Company's largest investors) in exchange for the extinguishment of the 2001 Bridge Loan) and warrants to purchase 3,026,985 shares of Common Stock (of which 860,301 shares relate to the 2001 Bridge Loan) to selected institutional and accredited investors and Big Beaver LLC, resulting in total proceeds of $9,081 (of which $2,581 relates to the exchange of the 2001 Bridge Loan), less issuance costs of $804. As a partial compensation for service rendered in the 2002 Private Placement, Roth Capital Partners, LLC ("Roth"), was granted a warrant to purchase up to 550,005 shares of the Company's Common Stock at $2.00 per share. The value of such warrants of $985 is recorded as a non-cash offering cost charged to paid-in-capital. The warrants issued in the 2002 Private Placement had an exercise price of $2.00 per share and had an expiration date of February 25, 2007. The Company filed a registration statement relating to the resale of the securities offered in the 2002 Private Placement with the Securities and Exchange Commission on March 25, 2002 and the registration statement was declared effective on April 3, 2002. Upon completion of the 2002 Private Placement the number of shares of Common Stock issuable upon exercise and the exercise price of the warrant issued in connection with a bridge loan in 2000 between the Company and Big Star Investments LLC (a joint venture of two of the Company's largest investors), were adjusted to 166,667 and $1.50, respectively.

On June 27, 2003, the Company entered into a Subscription Agreement with Ferrotec whereby Ferrotec purchased 1,000,000 shares of unregistered Common Stock at $2.50 per share ("2003 Private Placement"). The Company received a $2,500 payment in exchange for the shares on June 27, 2003, less issuance costs. In connection with the 2003 Private Placement, a partial exercise of warrants issued in the 2002 Private Placement occurred. Special Situations Funds, MicroCapital Fund and Roth participated in the transaction. The three participants exercised warrants to purchase 250,000 shares at $2.00 per share for an aggregate exercise price of $500. The proceeds of the 2003 Private Placement and warrant exercise, net of issuance costs, were $2,935.

Note 7 — Convertible Preferred Stock

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

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 7 — Convertible Preferred Stock (Continued)

The following summarizes the terms of the Convertible Preferred Stock:

Conversion

Each issued share of Series A Convertible Preferred Stock is immediately convertible, in full and not in part, into shares of Class A Common Stock based on the formula of $1,000 of the face value divided by the conversion price. The conversion price is $1.675, subject to proportional adjustments for certain dilutive issuance, splits and combinations and other recapitalizations or reorganizations. A total of 5,373,134 shares of Common Stock have been reserved for issuance in the event of the conversion of Series A Convertible Preferred Stock. On January 31, 2006 the holders of the Series A Convertible Preferred Stock converted 4,500 of their outstanding shares to 2,686,567 Common Shares.

Voting Rights

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

Dividends

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

Liquidation Preference

Upon liquidation, dissolution or winding up of the Company, each share of Series A Convertible Preferred Stock is entitled to a liquidation preference of $1,000 plus 7% of the original issue price ($1,000) annually for up to four years after issuance plus any declared but unpaid dividends in priority to any distribution to the Common Stock, which will receive the remaining assets of the Company. As of December 31, 2005, the liquidation preference was $11,520. On January 31, 2006 this liquidation preference was reduced to $5,760 upon the conversion of 4,500 Series A Preferred Shares to 2,686,567 Common Shares.

Redemption

If the closing price of the Common Stock for the past 60 days has been at least four times the then conversion price ($1.675 per share at December 31, 2005), the Company may redeem the Series A Convertible Preferred Stock for an amount equal to the Series A Redemption Price, which was $11,520 at December 31, 2005.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 8 — Stock Warrants

The following table lists the stock warrants outstanding at December 31, 2005 and 2004. All such warrants are vested and exercisable.

	2005	2004	Exercise Price	Expiration
Ford VPA warrants	108,345	108,345	$ 2.75	March 2007
Ford VPA warrants	216,690	216,690	$ 5.75	February 2009
2000 Bridge Loan warrants	—	166,667	$ 1.50	March 2005
2000 Placement Agent warrants	—	188,000	$ 5.00	June 2005
2001 Bridge Loan warrants	—	326,087	$ 1.15	February 2007
2002 Private Placement warrants	—	710,301	$ 2.00	February 2007
	325,035	1,716,090		

Warrants for 1,143,856 shares of common stock were exercised during 2005 of which 107,468 were cashless exercises. Proceeds received from the warrant exercises was $1,784, net of expenses of $12.

Note 9 — Stock Options

Under the Company's Amended and Restated 1997 Stock Incentive Plan (the "1997 Plan") and its 1993 Stock Option Plans (the "1993 Plan" and, together with the 1997 Plan, the "Plans"), 1,800,000 and 110,000 shares, respectively, of the Company's Common Stock are reserved for issuance, pursuant to which officers and employees of the Company, as well as other persons who render services to or are otherwise associated with the Company, are eligible to receive qualified ("incentive") and/or non-qualified stock options.

The 1997 Plan expires in April 2007. The 1993 Plan expired in April 2003, but certain options issued under such plan have not expired. The Plans are administered by the Board of Directors. The selection of participants, allotment of shares, determination of price and other conditions are determined by the Board of Directors at its sole discretion, in order to attract and retain personnel instrumental to the success of the Company. Incentive stock options granted under the Plans are exercisable for a period of up to ten years from the date of grant at an exercise price, which is not less than the fair market value of the Common Stock on the date of the grant.

Options granted are generally available to employees over various vesting periods and expire after ten years. Option vesting may be accelerated at the discretion of the Board of Directors.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 9 — Stock Options (Continued)

The following table summarizes stock option activity:

		1997 and 1993 Stock Option Plans	
	Shares Available For Grant	Number of Options Outstanding	Weighted Average Exercise Price
Outstanding at December 31, 2002	905,659	997,454	$ 2.66
Granted	(105,000)	105,000	$ 2.37
Exercised	—	(24,000)	$ 4.50
Cancelled	20,449	(23,673)	$ 3.53
Outstanding at December 31, 2003	821,108	1,054,781	$ 2.60
Granted	(417,000)	417,000	$ 4.62
Exercised	—	(16,500)	$ 2.97
Cancelled	500	(500)	$ 3.06
Outstanding at December 31, 2004	404,608	1,454,781	$ 3.17
Granted	(73,000)	73,000	$ 4.18
Exercised	—	(37,450)	$ 2.15
Cancelled	8,900	(8,900)	$ 4.60
Outstanding at December 31, 2005	340,508	1,481,431	$ 3.24

The following table summarizes information concerning currently outstanding and exercisable stock options for the 1993 and 1997 Stock Option Plans as of December 31, 2005:

	Options Outstanding at December 31, 2005			Options Exercisable at December 31, 2005	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Vested and Exercisable	Weighted-Average Exercise Price
$1.05— 1.51	266,050	6.50	$ 1.36	266,050	$ 1.36
1.55— 3.04	258,000	6.69	2.32	256,000	2.32
3.06— 3.31	402,900	3.56	3.06	399,900	3.06
3.45— 14.09	554,481	7.81	4.70	359,781	4.76
	1,481,431			1,281,731	

Note 10 — Earnings (loss) per share

Income (loss) available to Common Stock is derived as follows:

	Year ended December 31,		
	2005	2004	2003
Net income (loss)	$16,549	$1,059	$(1,415)
Amount allocated to participating Convertible Preferred Stock	(4,260)	(301)	—
Income (loss) available to Common Stock—basic	$12,289	$ 758	$(1,415)

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 10 — Earnings (loss) per share (Continued)

The Company's diluted earnings (loss) per share gives effect to all potential common shares outstanding during a period. In computing the diluted earnings (loss) per share, the treasury stock method is used in determining the number of share assumed to be purchased from the conversion of Common Stock equivalents. The following summarizes the shares included in the dilutive shares as disclosed in the statements of operations:

	Year ended December 31,		
	2005	2004	2003
Weighted average number of shares for calculation of basic EPS— Common Stock	15,496,334	13,511,829	11,472,287
Stock options outstanding for 1993 and 1997 Stock Option Plans	460,987	456,852	—
Shares of Common stock issuable upon the exercise of warrants	159,123	768,323	—
Weighted average of share for calculation of diluted EPS	16,116,444	14,737,004	11,472,287

The accompanying table represents Common Stock issueable upon the exercise of certain stock options and warrants, and the Common Stock issuable upon the conversion of Series A Convertible Preferred Stock that have been excluded from the diluted earnings (loss) calculation because the effect of their inclusion would be anti-dilutive.

	Year ended December 31,		
	2005	2004	2003
Stock options outstanding for the 1993 and 1997 Stock Options Plans	329,500	375,500	1,054,781
Shares of Common Stock issuable upon the exercise of warrants	216,690	404,690	3,799,363
Common Stock issuable upon the conversion of Series A Convertible Preferred Stock	5,373,134	5,373,134	5,373,134
Total	5,919,324	6,153,324	10,227,278

Note 11 — Ford Agreement

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

As part of the VPA, the Company granted to Ford warrants exercisable for Common Stock. A warrant for the right to purchase 82,197 shares of Common Stock at an exercise price of $2.75 per share was issued and fully vested on March 27, 2000. The fair value of the warrant of $1,148 was determined using the Black-Scholes valuation model and was recorded as a deferred exclusivity fee on the balance sheet. In addition, Ford received an additional fully vested warrant to purchase 26,148 shares of Common Stock at an exercise price of $2.75 per share due to a one time anti-dilution provision of the VPA that was triggered by the Company's Private Placement in June 2000. The fair value of the additional warrant of $220 was determined using the Black-Scholes model and has been accounted for in the same manner as the deferred exclusivity fee. This fee was amortized on a straight-line basis (approximately $293 per year) from April 2000 to December 2004, the initial term of the Agreement. The Ford warrants contain a cashless exercise provision, which allows Ford to exercise their warrants and receive a number of shares equal in value to the difference between the then market price of the Common Stock and the exercise price of the warrant, multiplied by the number of warrant shares being exercised.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 11 — Ford Agreement (Continued)

On December 10, 2003, Ford earned an additional warrant for 216,690 shares of Common Stock at an exercise price of $5.75. The fair value of the warrant of $676 was determined using the Black-Scholes valuation model. This non-cash charge was recorded as a selling expense in 2003. The warrant has an expiration date five years from the date of issuance.

Note 12 — Supplemental Disclosure of Cash Flow Information and Non-Cash Activity

	Year ended December 31,		
	2005	2004	2003
Cash paid for interest	—	—	69
Cash paid for income taxes	60	15	—

Note 13 — Licenses

In 1992, the Company obtained the worldwide license to manufacture and sell technology for a CCS product to individual automotive OEMs. Under the terms of the license agreement, royalties are payable based on cumulative net sales and do not require minimum payments. The Company has recorded royalty expense under this license agreement of $578, $553 and $530 in 2005, 2004 and 2003, respectively. These royalties are recorded as cost of goods sold.

Note 14 — Commitments

The Company leases its corporate offices in Dearborn, Michigan from the Ford Motor Land Development Corporation. The lease agreement, as amended, expires on March 31, 2006 and requires the Company to pay $18 per month. On April 1, 2006 the Company will relocate its corporate offices to a new leased office located in Farmington Hills, Michigan. The new lease expires in July 2011 and requires the Company to pay $19 per month. The Company leases its technical facility in Irwindale, California from Irwindale Properties LLC. The lease agreement, as amended, expires on August 31, 2006, and requires the Company to pay $25 per month. The Company also leases certain equipment under operating leases, which expire at various times through 2011. Rent expense under all of the Company’s operating leases was $735, $558 and $463 for 2005, 2004 and 2003, respectively. Future minimum lease payments under all operating leases are $479, $275, $245, $239, $240 and $148 in 2006 through 2011, respectively, and nil thereafter.

On March 28, 2001, the Company entered into the Ferrotec Agreement with Ferrotec, a related party (see Note 15). The Agreement grants to Ferrotec the exclusive right to manufacture CCS units in certain countries primarily located in the Far East (the “Territory”) for ultimate distribution by the Company to its customers within the Territory. The Territory includes China, Japan, Korea, India, Thailand, Vietnam, Malaysia, Indonesia and the Philippines. The initial term of the Agreement began April 1, 2001 and expires on April 1, 2011. The $2,000 fee paid by Ferrotec to the Company in connection with the Agreement has been recorded as a deferred manufacturing agreement liability on the condensed consolidated financial statements and is being amortized as other income on a straight-line basis over the term of the Agreement at a rate of $200 a year. Ferrotec also entered into a Subscription Agreement with the Company, whereby Ferrotec purchased 200,000 shares of unregistered Common Stock at $5.00 per share. The Company received the $2,000 and $1,000 payments under the two agreements in April 2001.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 15 — Related Party Transactions

Outsourcing of Production

The Company has outsourced production of its CCS product for its North American and Asian customers to Millennium Plastics Technologies, LLC ("Millennium") in Chihuahua, Mexico. Millennium is controlled by TMW Enterprises, Inc. the general partner of W III H Partners, L.P. (one of the Company's largest shareholders). In addition to the assembly labor operation, the Company purchases various components from Millennium. Purchases of labor services and components were $3,940, $3,440 and $2,295 for 2005, 2004 and 2003, respectively. The accounts payable balances due to Millennium were $463 and $456 for 2005 and 2004, respectively.

The Company purchases thermoelectric devices from and has outsourced a portion of its production to Ferrotec. With the completion of the 2003 Private Placement (Note 6), Ferrotec's cumulative holdings are 1,200,000 shares of common stock. Purchases of labor services and components were $10,162, $8,907 and $7,071 for 2005, 2004 and 2003, respectively. The accounts payable balances due to Ferrotec were $2,638 and $948 for 2005 and 2004, respectively.

Lease of Building in Irwindale, California

The Company leases its current facility in Irwindale, California. Until December 11, 2003 this property was owned by a partnership controlled by Dr. Bell, the founder of the Company and BSST and minority interest holder of BSST. During 2003, the Company paid Dr. Bell's partnership $192 in rent at fair market. Effective December 11, 2003, the ownership of the property was transferred to Irwindale Properties, LLC, an unrelated party.

Note 16 — Segment Reporting

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" which requires the Company to disclose certain segment information used by management for making operating decisions and assessing the performance of the Company. Essentially, management evaluates the performance of its segments based primarily on operating results before depreciation and selling, general and administrative costs. Such accounting policies used are the same as those described in Note 2.

The Company's reportable segments are as follows:

- *Climate Control Seats (CCS)* — variable temperature seat climate control system designed to improve the temperature comfort of automobile passengers.
- *BSST LLC (BSST)* — a subsidiary engaged in a research and development effort to improve the efficiency of thermoelectric devices and to develop, market and distribute products based on this new technology.

AMERIGON INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

Note 16 — Segment Reporting (Continued)

Total assets at December 31, 2005 were $36,420 and for CCS and $1,298 for BSST. Total assets at December 31, 2004 were $15,024 for CCS and $1,269 for BSST. The table below presents information about the reported product revenues and operating income (loss) of the Company for the years ended December 31, 2005, 2004 and 2003.

	CCS	BSST	Reconciling items	As Reported
2005:				
Product revenues	$35,737	$ —	$ —	$35,737
Operating income (loss)	8,210	(178)	(5,462)	2,570
2004:				
Product revenues	$32,710	$ —	$ —	$32,710
Operating income (loss)	6,473	(198)	(5,489)	786
2003:				
Product revenues	$29,042	$ —	$ —	$29,042
Operating income (loss)	3,674	(121)	(5,107)	(1,554)

BSST's operating loss is net of reimbursement for developmental expense of $3,496, $1,656 and $1,147 for the years ended 2005, 2004 and 2003, respectively. Reconciling items include selling, general and administrative costs of $5,343, $5,414 and $5,058, respectively, and depreciation expense of $119, $75 and $52, respectively, for years ended December 31, 2005, 2004 and 2003.

Product revenue by geographic area is as follows:

	2005	2004	2003
United States	$18,584	$21,307	$ 22,807
Japan	10,273	7,036	4,830
Korea	2,671	2,060	1,034
Mexico	2,522	1,789	57
Canada	1,687	518	314
	$35,737	$32,710	$ 29,042

In 2005, three customers, two domestic (Bridgewater and Lear) and one foreign (NHK), represented 43%, 16%, and 28%, respectively, of the Company's product revenues. In 2004, three customers, two domestic (Bridgewater and Lear) and one foreign (NHK), represented 51%, 15%, and 21%, respectively, of the Company's product revenues. In 2003, four customers, three domestic (JCI, Bridgewater and Lear) and one foreign (NHK), represented 43%, 25%, 10% and 14%, respectively, of the Company's product revenues.

Table of Contents

AMERIGON INCORPORATED

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2005, 2004 and 2003

(In thousands)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions from Reserves	Balance at End of Period
Allowance for Doubtful Accounts					
Year Ended December 31, 2003	54	14	—	(13)	55
Year Ended December 31, 2004	55	4	—	—	59
Year Ended December 31, 2005	59	236	—	—	295
Allowance for Deferred Income Tax Assets					
Year Ended December 31, 2003	24,926	453	(7,495)	—	17,884
Year Ended December 31, 2004	17,884	(428)	—	—	17,456
Year Ended December 31, 2005	17,456	(14,357)	—	—	3,099
Reserve for Inventory					
Year Ended December 31, 2003	54	237	—	(66)	225
Year Ended December 31, 2004	225	10	—	(115)	120
Year Ended December 31, 2005	120	176	—	(11)	285

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Amerigon Incorporated

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the consolidated financial position of Amerigon Incorporated and its subsidiaries at December 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
March 6, 2006

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIGON INCORPORATED

By: /s/ DANIEL R. COKER

DANIEL R. COKER
Chief Executive Officer

Date: March 14, 2006

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

Each person whose signature appears below hereby authorizes Daniel R. Coker and Barry G. Steele, or any of them, as attorneys-in-fact to sign on his behalf, individually, and in each capacity stated below, and to file all amendments and/or supplements to this Annual Report on Form 10-K.

Signature	Capacity	Date
/s/ DANIEL R. COKER DANIEL R. COKER	President and Chief Executive Officer (Principal Executive Officer)	March 14, 2006
/s/ BARRY G. STEELE BARRY G. STEELE	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 14, 2006
/s/ OSCAR B. MARX III OSCAR B. MARX III	Director, Chairman of the Board	March 14, 2006
/s/ FRANCOIS J. CASTAING FRANCOIS J. CASTAING	Director	March 14, 2006
/s/ JOHN W. CLARK JOHN W. CLARK	Director	March 14, 2006
/s/ ROBERT T. HOWARD ROBERT T. HOWARD	Director	March 14, 2006
/s/ JAMES J. PAULSEN JAMES J. PAULSEN	Director	March 14, 2006

Exhibit 21

LIST OF SUBSIDIARIES

BSST LLC, a Delaware limited liability company, is owned 85% by the Company and 15% by Dr. Lon E. Bell

Amerigon Asia Pacific Inc. is owned 100% by the Company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-40454, 333-84840 and 333-118662) and on Form S-8 (Nos. 333-03926, 333-61632, 333-100811 and 333-44007) of Amerigon Incorporated of our report dated March 14, 2006 relating to the financial statements and financial statement schedule which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
March 13, 2006

Exhibit 31.1

CERTIFICATION

I, Daniel R. Coker, certify that:

1. I have reviewed this annual report on Form 10-K of Amerigon Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DANIEL R. COKER

Daniel R. Coker
President & Chief Executive Officer

March 14, 2006

Exhibit 31.2

CERTIFICATION

I, Barry G. Steele, certify that:

1. I have reviewed this annual report on Form 10-K of Amerigon Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BARRY G. STEELE

Barry G. Steele
Chief Financial Officer

March 14, 2006

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Amerigon Incorporated (the “Company”) on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel R. Coker, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ DANIEL R. COKER
Daniel R. Coker
President & Chief Executive Officer

March 14, 2006

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Amerigon Incorporated (the “Company”) on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Barry G. Steele, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ BARRY G. STEELE
Barry G. Steele
Chief Financial Officer

March 14, 2006