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

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2003**

**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)**

| | |
|---|---|
| **California** | **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**

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

At October 31, 2003, the registrant had 12,218,456 shares of Common Stock, no par value, issued and outstanding.

**AMERIGON INCORPORATED**

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**AMERIGON INCORPORATED**

**CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share data)**
**(Unaudited)**

| | September 30, 2003 | December 31, 2002 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current Assets: | | |
| Cash & cash equivalents | $ 44 | $ 274 |
| Accounts receivable, less allowance of $65 and $55 respectively | 7,110 | 4,530 |
| Inventory | 2,746 | 1,903 |
| Prepaid expenses and other assets | 412 | 563 |
| Total current assets | 10,312 | 7,270 |
| Property and equipment, net | 1,445 | 1,324 |
| Deferred exclusivity fee | 366 | 585 |
| Total assets | $ 12,123 | $ 9,179 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 5,457 | $ 4,296 |
| Accrued liabilities | 1,018 | 890 |
| Bank loan payable | 526 | 670 |
| Deferred manufacturing agreement – current portion | 200 | 200 |
| Total current liabilities | 7,201 | 6,056 |
| Deferred manufacturing agreement – long term portion | 1,300 | 1,450 |
| Minority interest in subsidiary | — | 2 |
| Total liabilities | 8,501 | 7,508 |
| Shareholders' equity: | | |
| Preferred stock: | | |
| Series A – no par value; convertible; 9,000 shares authorized, 9000 issued and outstanding at September 30, 2003 and December 31, 2002; liquidation preference of $11,678 and $11,205 at September 30, 2003 and December 31, 2002 | 8,267 | 8,267 |
| Common Stock: | | |
| No par value; 30,000,000 shares authorized, 12,136,956 and 10,771,230 issued and outstanding at September 30, 2003 and December 31, 2002 | 46,212 | 43,051 |
| Paid-in capital | 19,974 | 19,504 |
| Accumulated deficit | (70,831) | (69,151) |
| Total shareholders' equity | 3,622 | 1,671 |
| Total liabilities and shareholders' equity | $ 12,123 | $ 9,179 |

See accompanying notes to the condensed consolidated financial statements.

# AMERIGON INCORPORATED

## CONSOLIDATED STATEMENTS OF OPERATIONS
**(In thousands, except per share data)**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| Product revenues | $ 9,210 | $ 4,491 | $ 20,100 | $ 8,848 |
| Cost of sales | 7,414 | 3,494 | 15,831 | 7,024 |
| Gross margin | 1,796 | 997 | 4,269 | 1,824 |
| Operating costs and expenses: | | | | |
| Research and development | 602 | 968 | 2,231 | 2,922 |
| Selling, general and administrative | 1,387 | 1,497 | 3,817 | 4,043 |
| Total operating costs and expenses | 1,989 | 2,465 | 6,048 | 6,965 |
| Operating loss | (193) | (1,468) | (1,779) | (5,141) |
| Interest income | — | 2 | — | 19 |
| Interest expense | (9) | (1) | (62) | (161) |
| Other income | 56 | 50 | 159 | 150 |
| Minority interest in net income (loss) of subsidiary | — | 6 | 2 | (32) |
| Net loss | $ (146) | $ (1,411) | $ (1,680) | $ (5,165) |
| Basic and diluted net loss per share: | | | | |
| Loss before extraordinary item | $ (0.01) | $ (0.13) | $ (0.15) | $ (0.54) |
| Weighted average number of common shares outstanding | 12,064 | 10,772 | 11,212 | 9,552 |

See accompanying notes to the condensed consolidated financial statements.

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**AMERIGON INCORPORATED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**
**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2003 | 2002 |
| Operating Activities: | | |
| Net loss | $ (1,680) | $ (5,165) |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Depreciation and amortization | 388 | 386 |
| Grant of warrants | 470 | — |
| Gain from sale of assets | (3) | — |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (2,580) | (1,656) |
| Inventory | (843) | (760) |
| Prepaid expenses and other assets | 151 | (30) |
| Accounts payable | 1,161 | 922 |
| Accrued liabilities | 128 | 26 |
| Net cash used in operating activities | (2,808) | (6,277) |
| Investing Activities: | | |
| Purchase of property and equipment | (440) | (648) |
| Proceeds from sale of property and equipment | 3 | — |
| Other investing activities | (2) | (44) |
| Decrease in restricted cash | — | 418 |
| Net cash used in investing activities | (439) | (274) |
| Financing Activities: | | |
| Repayment of bank financing | (144) | — |
| Proceeds from issuance of common stock | 3,226 | 6,500 |
| Cost of issuance of common stock | (65) | (804) |
| Proceeds from bridge financing | — | 1,001 |
| Net cash provided by financing activities | 3,017 | 6,697 |
| Net increase in cash and cash equivalents | (230) | 146 |
| Cash and cash equivalents at beginning of period | 274 | 456 |
| Cash and cash equivalents at end of period | $ 44 | $ 602 |

See accompanying notes to condensed consolidated financial statements.

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**AMERIGON INCORPORATED**

**NOTES TO UNAUDITED FINANCIAL STATEMENTS**

**Note 1 – The Company**

Amerigon Incorporated (the "Company") designs, develops, and markets proprietary high technology electronic systems for sale to car and truck original equipment manufacturers ("OEMs"). In 2002, the Company completed its third full year of producing and selling its Climate Control Seat™ ("CCS™"), which provides year-round comfort by providing both heating and cooling to seat occupants. The Company has shipped more than 730,000 units of its CCS product through September 2003 to six customers, Johnson Controls, Inc. ("JCI"), Lear Corporation ("Lear"), NHK Spring Company, Ltd. ("NHK"), Marubeni Vehicle Corporation ("Marubeni"), Intier Automotive ("Intier") and Hyundai Motor Company ("Hyundai"). The Company currently supplies its CCS product to the following automobile manufacturers and seat suppliers:

| Vehicle | Seat Supplier | Program Started |
|---|---|---|
| Lincoln Navigator sport utility vehicle | JCI | November 1999 |
| Lexus LS 430/Toyota Celsior luxury sedan | NHK | June 2001 |
| Ford Expedition sport utility vehicle | JCI | January 2002 |
| Infiniti Q45 / M45 luxury sedans | JCI, Asia Marubeni | June 2002 |
| Lincoln Aviator sport utility vehicle | Lear | August 2002 |
| Lincoln LS sport utility vehicle | JCI | October 2002 |
| Mercury Monterey mini van | Intier | April 2003 |
| Cadillac XLR luxury roadster | Lear – Bing | April 2003 |
| Cadillac DeVille luxury sedan | JCI – Bridgewater Interiors | June 2003 |
| Hyundai Equus luxury sedan | Hyundai | August 2003 |

The Company has a 90% interest in BSST LLC ("BSST"). BSST is engaged in a program to improve the efficiency of thermoelectric devices and to develop new products based on this technology. Since June 1, 2001, the consolidated financial position and consolidated operating results of the Company have included the financial position and operating results of BSST, and such amounts are reflected in the condensed consolidated financial statements at September 30, 2003. Intercompany accounts are eliminated in consolidation.

**Note 2 – Basis of Presentation and Summary of Certain Accounting Policies**

The accompanying condensed consolidated financial statements as of September 30, 2003 have been prepared by the Company without audit. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for fair presentation have been included. The consolidated results of operations for the three-month and nine-month periods ended September 30, 2003, are not necessarily indicative of the operating results for the full year.

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 financings (Note 8, Note 9 and Note 12). At September 30, 2003, the Company had cash and cash equivalents of $44,000 and working capital of $3,111,000. Based on the Company's current operating plan, management believes cash at September 30, 2003 along with future revenues and utilization of proceeds from the Company's revolving credit line (Note 12) will be sufficient to meet operating needs through the end of 2003.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2002.

**Note 3 – Inventory / Outsourcing of Production**

Details of inventory by category, in thousands:

| | September 30, 2003 | December 31, 2002 |
|---|---|---|
| Raw Material | $ 2,277 | $ 1,562 |
| Work in Process | — | 15 |
| Finished Goods | 469 | 326 |
| Total Inventory | $ 2,746 | $ 1,903 |

In December 2002, the Company completed the outsourcing of production of the CCS product for its North American and Asian customers to Millennium Plastics Technologies, LLC in Chihuahua, Mexico. This company is controlled by TMW Enterprises, Inc., an affiliate of the managing member of Big Beaver Investments LLC (one of the Company's three major shareholders). As of September 30, 2003, the components held at this supplier's plant are reported as raw material inventory. Completed CCS systems held at the supplier's plant before shipment to the customer are reported as finished goods inventory. For the quarter ended September 30, 2003, purchases from this supplier totaled $529,000 with an accounts payable balance of $722,000 as of this date.

In June 2003 the Company began shipping a new generation of CCS product from a second contract manufacturer, Ferrotec Corporation ("Ferrotec") located in Shanghai, China. Ferrotec procures inventory, produces the CCS unit and ships directly to the Company's customers. Upon delivery to the customer, the Company is billed for the completed units and the Company invoices its customers. The Company records no raw or finished goods inventory for production coming out of Ferrotec's China facility. In addition, the Company purchases thermoelectric devices from Ferrotec. For the quarter ended September 30, 2003, purchases from this supplier totaled $1,670,000 with an accounts payable balance of $1,664,000 as of this date. With the completion of the 2003 Private Placement (Note 8), Ferrotec has cumulative holdings of 1,200,000 shares of the Company's common stock as of September 30, 2003.

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**Note 4 – Net Loss per Share**

The Company's net loss per share calculations are based upon the weighted average number of shares of Common Stock outstanding. Because their effects are anti-dilutive, net loss per share for the nine months ended September 30, 2003 and 2002, does not include the effect of:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2003 | 2002 |
| Stock options outstanding for: 1993 and 1997 Stock Option Plans | 1,088,505 | 1,026,005 |
| Shares of Common Stock issuable upon the exercise of warrants | 4,073,863 | 4,444,299 |
| Common Stock issuable upon the conversion of Series A Preferred Stock | 5,373,134 | 5,373,134 |
| Total | 10,535,502 | 10,843,438 |

**Note 5 – Research and Development Expense**

The Company consolidates research and development expense with BSST. The following table details research and development expense incurred by Amerigon and BSST, in thousands:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| Research and development expense: | | | | |
| Amerigon programs | $511 | $760 | $1,882 | $2,114 |
| BSST programs | 91[(1)] | 208 | 349[(2)] | 808 |
| Total research and development expense | $602 | $968 | $2,231 | $2,922 |

(1) BSST expense for three months ended September 30, 2003 is reported net of a developmental credit of $266,000.
(2) BSST expense for nine months ended September 30, 2003 is reported net of a developmental credit of $512,000.

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**Note 6 – Segment Reporting**

The tables below present segment information about the reported revenues and operating loss of Amerigon for the three and nine months ended September 30, 2003 and 2002 (in thousands). Asset information by reportable segment is not reported since management does not produce such information.

| For the Three Months Ended September 30, | CCS | BSST [1] | Reconciling Items | As Reported |
|---|---|---|---|---|
| 2003 | | | | |
| Revenue | $9,210 | $ — | $ — | $ 9,210 |
| Operating Income (Loss) | 1,282 | (91) | (1,387)[2] | (193) |
| 2002 | | | | |
| Revenue | 4,491 | — | — | 4,491 |
| Operating Income (Loss) | 237 | (208) | (1,497)[2] | (1,468) |

(1) BSST LLC is a subsidiary of the Company. BSST's operating loss for the three months ended September 30, 2003 is net of $266,000 of reimbursable developmental funding.

(2) Represents selling, general and administrative costs of $1,375,000 and $1,449,000, respectively, and depreciation expense of $12,000 and $48,000, respectively, for the three months ended September 30, 2003 and 2002.

| For the Nine Months Ended September 30, | CCS | BSST [1] | Reconciling Items | As Reported |
|---|---|---|---|---|
| 2003 | | | | |
| Revenue | $20,100 | $ — | $ — | $20,100 |
| Operating Income (Loss) | 2,387 | (349) | (3,817)[2] | (1,779) |
| 2002 | | | | |
| Revenue | 8,848 | — | — | 8,848 |
| Operating Income (Loss) | (290) | (808) | (4,043)[2] | (5,141) |

(1) BSST LLC is a subsidiary of the Company. BSST's operating loss for the nine months ended September 30, 2003 is net of $512,000 of reimbursable developmental funding.

(2) Represents selling, general and administrative costs of $3,781,000 and $3,881,000, respectively, and depreciation expense of $36,000 and $162,000, respectively, for the nine months ended September 30, 2003 and 2002.

Product revenue information by geographic area (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| North America | $6,980 | $3,029 | $16,200 | $6,109 |
| Asia | 2,230 | 1,462 | 3,900 | 2,739 |
| Total Product Revenues | $9,210 | $4,491 | $20,100 | $8,848 |

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Product revenue information by customer location, as a percent of total product revenues:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| North America | 76% | 67% | 81% | 69% |
| Asia | 24% | 33% | 19% | 31% |
| Total Product Revenues | 100% | 100% | 100% | 100% |

For the three months ended September 30, 2003, three customers, two domestic (JCI and Bridgewater Interiors) and one foreign (NHK), represented 67% and 19%, respectively, of the Company's sales compared with 65% and 20% in 2002.

For the nine months ended September 30, 2003, three customers, two domestic (JCI and Bridgewater Interiors) and one foreign (NHK), represented 69% and 14%, respectively, of the Company's sales compared with 64% and 24% in 2002.

**Note 7 – Accrued Liabilities**

Details of accrued liabilities (in thousands):

| | September 30, 2003 | December 31, 2002 |
|---|---|---|
| Accrued salaries | $ 120 | $ 240 |
| Accrued vacation | 170 | 157 |
| Other accrued liabilities | 728 | 493 |
| Total accrued liabilities | $ 1,018 | $ 890 |

**Note 8 – 2003 Private Placement**

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. The Subscription Agreement grants Ferrotec demand registration rights beginning one year from the closing of the Subscription Agreement and piggy-back registration rights if the Company proposed to register any securities before then. The Company received a $2,500,000 payment in exchange for the shares on June 27, 2003, less issuance costs.

**Note 9 – Warrant Exercise**

On June 27, 2003, a partial exercise of warrants issued in the 2002 Private Placement occurred. Special Situations Funds, MicroCapital Fund and Roth Capital Partners 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 $500,000.

The proceeds of the June 27, 2003 private placement (Note 8) and warrant exercise transactions, net of issuance costs, were $2,935,000.

During the quarter ended September 30, 2003, Roth Capital Partners and Westar Capital II LLC exercised warrants to purchase 108,800 shares at $2.00 per share and 3,136 shares at $2.67 per share respectively for an aggregate exercise price of $225,973.

**Note 10 – Ford Agreement**

On March 27, 2000, the Company entered into a Value Participation Agreement ("VPA") with Ford Motor Company ("Ford"). Pursuant to the VPA, Ford agreed that, through December 31, 2004, the Company has the exclusive right to manufacture and supply CCS units to Ford's Tier 1 suppliers for installation in Ford, Lincoln and Mercury branded vehicles produced and sold in North America (other than Ford branded vehicles produced by 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 108,345 shares of Common Stock at an exercise price of $2.75 per share was issued and fully vested on March 27, 2000. Additional warrants will be granted and vested based upon annual and cumulative purchases by Ford's Tier 1 suppliers of a specified number of CCS units throughout the length of the VPA.

Based on current shipment levels of CCS units for Ford programs through September 30, 2003, the Company believes Ford will earn an additional warrant for 216,690 shares of Common Stock at an exercise price of $5.75. The estimated fair value of the warrant of $629,000 was determined using the Black-Scholes valuation model. This non-cash charge was recorded as a selling expense of $310,000 and $160,000 for the quarters ended June 30, 2003 and September 30, 2003, respectively. An additional $159,000 will probably be recorded as selling expense for the three months ended December 31, 2003. The warrant will be issued and vest in January 2004 and have an expiration date five years from the date of issuance.

**Note 11 – Accounting for Stock-Based Compensation**

The Company issues options to key employees under its 1993 and 1997 Stock Option Plans. The Company accounts for these plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The Company has not recognized any expense related to employee stock options, as all options granted under the 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 and earnings per share for the three months and nine months ended September 30, 2003 and 2002 if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| Net loss, as reported | $ (146) | $(1,411) | $(1,680) | $(5,165) |
| Value of stock-based compensation expense determined under fair value based method for all awards, net of related tax effects | — | (327) | (194) | $ (644) |
| Pro forma net loss | $ (146) | $(1,738) | $(1,874) | $(5,809) |
| Loss per share: | | | | |
| Basic – as reported | $(0.01) | $ (0.13) | $ (0.15) | $ (0.54) |
| Basic – pro forma | $(0.01) | $ (0.16) | $ (0.17) | $ (0.61) |
| Diluted – as reported | $(0.01) | $ (0.13) | $ (0.15) | $ (0.54) |
| Diluted – pro forma | $(0.01) | $ (0.16) | $ (0.17) | $ (0.61) |

**Note 12 – Financing**

On November 14, 2002, the Company obtained an accounts receivable-based credit line. This loan is a $3,000,000 Revolving Credit Line with the debt not to exceed the lesser of the Revolving Credit or the Borrowing Formula (80% of eligible accounts receivable up to 90 days from invoice date). At September 30, 2003, $2,474,000 was available and unused under the Credit Line. The Credit Line bears interest at Comerica Bank's prime rate (4.00% at September 30, 2003) plus 2.75%, which is accrued and charged monthly. The Credit Line is secured by all of the Company's and its subsidiary's assets and expires on January 1, 2004.

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## ITEM 2

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

### General

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) appearing elsewhere in this report.

We design, develop, and market proprietary high technology electronic systems for sale to car and truck original equipment manufacturers ("OEMs"). In 2002, we completed our third full year of producing and selling our Climate Control Seat™ ("CCS™"), which provides year-round comfort by providing both active heating and cooling to seat occupants. We have shipped more than 730,000 units of our CCS product through September 2003 to six customers, Johnson Controls, Inc. ("JCI"), Lear Corporation ("Lear"), NHK Spring Company, Ltd. ("NHK"), Marubeni Vehicle Corporation ("Marubeni"), Intier Automotive ("Intier") and Hyundai Motor Company (Hyundai). We currently supply our CCS product to the following automobile manufacturers and seat suppliers:

| Vehicle | Seat Supplier | Program Started |
|---|---|---|
| Lincoln Navigator sport utility vehicle | JCI | November 1999 |
| Lexus LS 430/Toyota Celsior luxury sedan | NHK | June 2001 |
| Ford Expedition sport utility vehicle | JCI | January 2002 |
| Infiniti Q45 / M45 luxury sedans | JCI, Asia Marubeni | June 2002 |
| Lincoln Aviator sport utility vehicle | Lear | August 2002 |
| Lincoln LS sport utility vehicle | JCI | October 2002 |
| Mercury Monterey mini van | Intier | April 2003 |
| Cadillac XLR luxury roadster | Lear – Bing | April 2003 |
| Cadillac DeVille luxury sedan | JCI – Bridgewater Interiors | June 2003 |
| Hyundai Equus luxury sedan | Hyundai | August 2003 |

We operate as a Tier II supplier to the auto industry. Inherent in this market are up front development, engineering and production costs and expenses 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.

**Results of Operations**

*Third Quarter 2003 Compared with Third Quarter 2002*

*Revenues*. Product revenues for the three months ended September 30, 2003 (“Third Quarter 2003”) were $9,210,000 as compared with revenues of $4,491,000 for the three months ended September 30, 2002 (“Third Quarter 2002”). This increase of $4,719,000, or 105%, is primarily due to increased demand for our CCS product as an option on the Lexus LS 430, Toyota Celsior, Lincoln LS and Lincoln Aviator, and the addition of our CCS product as an option since the third quarter of 2002 for the Mercury Monterey, Cadillac XLR, Cadillac DeVille and Hyundai Equus vehicle lines. Unit shipments rose to 135,000 units for the three-month period ended September 30, 2003 as compared to 66,000 units for the same period a year prior. We expect volume to be up more than 90% in fiscal 2003, compared to fiscal 2002, with 14 vehicle models offering our CCS product by the end of the year. In the third quarter 2003, we began shipments of our CCS product to Hyundai Motor Company for the launch of the 2004 Hyundai Equus vehicle.

*Cost of Sales*. Cost of sales increased to $7,414,000 in the Second Quarter 2003 from $3,494,000 in Second Quarter 2002. This increase of $3,920,000, or 112%, is primarily due to a 105% increase in related revenues.

*Research and Development Expenses*. Research and development expenses decreased to $602,000 in the Third Quarter 2003 from $968,000 in the Third Quarter 2002. This $366,000, or 38%, decrease was due primarily to $266,000 of reimbursable development efforts of our BSST subsidiary (see Note 5 of the condensed consolidated financial statements) and lower prototype costs associated with our next generation of CCS design.

We group development and prototype costs and related reimbursements in research and development. This is consistent with accounting standards applied in the automotive industry. Costs for tooling, net of related reimbursements, are included in cost of sales.

*Selling, General and Administrative Expenses*. Selling, general and administrative expenses decreased to $1,387,000 in the Third Quarter 2003 compared to $1,497,000 in the Third Quarter 2002. Although the total expenses for the category decreased $110,000 from period to period, the Third Quarter 2003 includes a charge of $160,000 relating to the Ford VPA (see Note 10 of the condensed consolidated financial statements) and $140,000 of costs related to the planned reimbursement of preproduction and launch costs at a contract manufacturer’s assembly plant in Mexico. These increases in warrant and preproduction expenses were offset by decreases in outside consulting fees, European and Japanese office expense, the outsourcing of production for North American customers and the relocation of the corporate office from California to Michigan in the third quarter of 2003 versus 2002.

*Interest Expense.* Interest expense increased to $9,000 for the Third Quarter 2003 from $1,000 in Third Quarter 2002. Since November 2002 the Company has utilized a revolving credit line to fund working capital. The interest expense for the Third Quarter 2003 relates to the average outstanding credit line balance for the period. No interest expense was incurred in the Third Quarter 2002. This was the result of the February 2002 private placement transaction that paid off the 2001 bridge loan and provided working capital for the Company. The Company had no other outstanding loans during the 2002 quarter.

*Nine Months Ending 2003 Compared with Nine Months Ending 2002*

*Revenues*. Revenues for the nine months ended September 30, 2003 (“2003”) were $20,100,000 as compared with revenues of $8,848,000 for the nine months ended September 30, 2002 (“2002”). This increase of $11,252,000, or 127%, is due primarily due to increased demand for our CCS product as an option on the Lincoln Navigator, Ford Expedition, Lexus LS 430, Toyota Celsior, Lincoln LS and Lincoln Aviator, and the addition of our CCS product as an option since the third quarter of 2002 for the Mercury Monterey, Cadillac XLR, Cadillac DeVille and Hyundai Equus vehicle lines. We anticipate the level of shipments to our current customer base for current vehicle platforms to remain relatively constant for the remainder of 2003.

*Cost of Sales*. Cost of sales increased to $15,831,000 in 2003 from $7,024,000 in 2002. This increase of $8,807,000, or 125%, is due to an increase in related revenues.

*Research and Development Expenses*. Research and development expenses decreased to $2,231,000 in 2003 from $2,922,000 in 2002. This $691,000, or 24%, decrease was due primarily to $512,000 of reimbursable development efforts of our BSST subsidiary in the second and third quarters of 2003 (see Note 5 of the condensed 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 decreased to $3,817,000 in 2003 compared to $4,043,000 in 2002. This $226,000, or 6% decrease, is net of a $470,000 charge relating to the Ford VPA (see Note 10 of the consolidated financial statements) and reflects decreases in legal and outside consulting fees, European and Japanese office expense and production relocation in 2003 period versus 2002.

*Interest Expense.* Interest expense decreased in 2003 to $62,000 from $161,000 in 2002. This $99,000, or 59% decrease, is primarily due to the lower average balance of borrowings outstanding in 2003 compared with 2002, due to the conversion on February 25, 2002 of the 2001 bridge loan into common stock and warrants.

**Liquidity and Capital Resources**

As of September 30, 2003, we had working capital of $3,111,000. We also had cash and cash equivalents of $44,000 at September 30, 2002. Our principal sources of operating capital have been the proceeds of our various financing transactions and CCS product revenues.

As of September 30, 2003 our cash and cash equivalents decreased by $230,000 from $274,000 at December 31, 2002. Cash used in operating activities in the first nine months of 2003 (“2003”) amounted to $2,808,000, which was mainly attributable to the loss, net of depreciation and amortization and grant of warrants, of $822,000 and increased working capital to support the higher accounts receivable and inventory levels. Cash used in investing activities in 2003 amounted to $439,000, which is mainly attributable to the purchase of tooling and equipment. Financing activities in 2003 provided $3,017,000, primarily due to the completion of the June 2003 private placement and warrant exercise.

On June 27, 2003, we issued 1,000,000 shares of common stock in a private placement to Ferrotec Corporation at $2.50 per share and issued an additional 250,000 shares of common stock at $2.00 per share as the result of the exercise of warrants held by Special Situations Funds, MicroCapital Fund and Roth Capital Partners. The proceeds from the June 27, 2003 transactions, net of issuance costs, were $2,935,000 (see Note 8 and Note 9 of the consolidated financial statements).

During the quarter ended September 30, 2003, Roth Capital Partners and Westar Capital II LLC exercised additional warrants to purchase 108,800 shares at $2.00 per share and 3,136 shares at $2.67 per share respectively for an aggregate exercise price of $225,973.

BSST LLC was established in August 2000 by Dr. Lon E. Bell, the founder of Amerigon. BSST is engaged in a research and product development effort to improve the efficiency of thermoelectric devices. In September 2000, we entered into an option agreement with BSST to purchase a 90% interest in BSST for an aggregate of $2,000,000. We paid $150,000 to BSST for the option rights at that time. The original option agreement was amended to extend the termination date from January 31, 2001 to May 31, 2001, in exchange for additional option payments totaling $360,000. On May 31, 2001, we exercised our option by paying $400,000 to BSST. As of December 31, 2002, we had paid to BSST $2,000,000. We have, as the majority owner of BSST, certain funding obligations to BSST of up to $500,000 per year. Potential incentive and option agreements for BSST management could reduce the 90% ownership interest to 75% over time if all incentive targets are achieved and all of the options are awarded.

For the Third Quarter ending September 2003, unit production volumes were sufficient to break even excluding the non-cash charge of $160,000 for the expected warrant to Ford Motor Company. The ramp-up of the new programs for the Cadillac XLR, Cadillac DeVille, Cadillac Escalade, Mercury Monterey and Hyundai Equus is expected to generate sufficient volume for the Fourth Quarter of 2003 to achieve profitable results. We are working with many automobile manufacturers for future introduction of our CCS technology, but there is no guarantee these manufacturers will introduce our products.

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 financings. At September 30, 2003, we had cash and cash equivalents of $44,000 and working capital of $3,111,000. Based on our current operating plan, management believes cash at September 30, 2003 along with proceeds from accounts receivable-based financing will be sufficient to meet our operating needs.

Warrants issued in conjunction with the 2002 Private Placement (the “2002 Warrants”) provide that, in the event the closing bid price of a share of common stock of the Company exceeds $4.00 for twenty consecutive trading sessions, the Company may call such warrants upon 30 days prior written notice at a redemption price equal to $0.01 per share of common stock then purchasable pursuant to such warrants. Notwithstanding the Company’s exercise of its call right described above, the holders of the 2002 Warrants may exercise such warrants prior to the end of such 30 day notice period at the exercise price per share of $2.00. In recognition of the voluntary exercise of a portion of the 2002 Warrants on June 27, 2003, Amerigon previously agreed to forbear exercising its call right described above until the end of a twelve-month period beginning on June 27, 2003. For twenty consecutive trading sessions ending September 10, 2003, the closing bid price of a share of common stock of the Company exceeded $4.00 per share. The Company has notified the holders of the 2002 Warrants of the Company’s intention to exercise its call rights on June 26, 2004. As of September 30, 2003, the number of warrants issued in conjunction with the 2002 Private Placement that remained outstanding were 3,218,190. Should the holders of the 2002 Warrants exercise all of such Warrants, the Company would receive aggregate proceeds of $6,436,380. Should the holders of the 2002 Warrants decline to exercise any of the outstanding 2002 Warrants prior to the end of the call notice period described above, the Company may redeem such warrants for an aggregate redemption price of $32,181.90. The Company cannot be certain that any or all of the holders of the 2002 Warrants would elect to exercise such warrants prior to the end of the call notice period.

On April 7, 2003 we received notice of our non-compliance with a continued listing requirement of The Nasdaq Stock Market ("Nasdaq"). Subsequently, the Company submitted a plan to regain and sustain a $2,500,000 minimum of shareholders' equity in order to become compliant with such listing requirement. With the completion of the 2003 Private Placement and the warrant exercise transactions (see Note 8 and Note 9 of the consolidated financial statements) and the filing of the 10-Q report for the second quarter with the Securities Exchange Commission, the Company believed it had complied with the applicable Nasdaq continued listing requirements. On August 18, 2003, the Company received notice from Nasdaq confirming compliance with Nasdaq's listing requirements.

**Related Party Transactions**

We have outsourced production of our CCS product for our North American and Asian customers to Millennium Plastics Technologies, LLC in Chihuahua, Mexico. The company is controlled by TMW Enterprises, Inc., an affiliate of the managing member of Big Beaver Investments LLC (one of our three major shareholders). In addition to the assembly labor operation, we purchase various injection molded components from them. Purchases of labor services and components were $186,000 for the quarter ended September 30, 2002 and $529,000 for the quarter ended September 30, 2003.

We purchase thermoelectric devices from and have outsourced a portion of our production to Ferrotec Corporation ("Ferrotec"). With the completion of the 2003 Private Placement (see Note 8 of the consolidated financial statements), Ferrotec's cumulative holdings are 1,200,000 shares of common stock. Purchase of labor services and components were $777,000 for the quarter ended September 30, 2002 and $1,670,000 for the quarter ended September 30, 2003.

We lease our current facility in Irwindale, California from a partnership controlled by Dr. Bell, the founder and Vice Chairman of the Company.

## FORWARD LOOKING STATEMENTS

Certain matters discussed or referenced in this report, including expectation of increased revenues and continuing losses, our financing requirements, our capital expenditures and our prospects for the development of platforms with major automotive manufacturers, are forward-looking statements. Other forward-looking 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. All forward-looking statements speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this report to reflect any change in our expectations with regard to such statements or any change in events, conditions or circumstances on which any such statement is based. Although such statements are based upon our current expectations, and we believe such expectations are reasonable, such expectations, and the forward-looking statements based on them, are subject to a number of factors, risks and uncertainties that could cause our actual results to differ materially from those described in the forward-looking statements, including those described below and in our other filings with the Securities and Exchange Commission.

## RISK FACTORS

### Risk Relating to our Business

***We are only in the early stage of commercialization and marketing of our products and our sales may not significantly increase***

Although we began operations in 1991, we have only engaged in the commercial manufacturing and marketing of our products since 1999. In December 1997, we received our first production orders for our CCS product, but shipments of production units in 1998 were very small. We had product revenues of $15,271,000 in 2002, $6,447,00 in 2001 and $6,886,000 in 2000. In 1998, we were selected by Ford to supply our CCS product to Johnson Controls for installation in the 2000 model year Lincoln Navigator and our CCS product was selected by the Toyota Motor Corporation to supply NHK for installation in the 2001 model year Lexus LS 430 and Toyota Celsior luxury automobiles. In 2002, we added the Ford Expedition SUV, Lincoln Aviator SUV and LS luxury automobile and Infiniti Q45 and M45 luxury automobiles. In 2003, we added the Mercury Monterey mini van, the Cadillac XLR luxury roadster, the Cadillac DeVille luxury sedan and the Hyundai Equus luxury sedan. Our CCS product is currently being offered as an optional feature on these vehicles. There can be no assurance that sales will significantly increase or that we will become profitable.

***We have incurred substantial operating losses since our inception and we are continuing to incur losses***

We have incurred substantial operating losses since our inception. We had operating losses of $6,175,000 in 2002, $7,537,000 in 2001 and $9,575,000 in 2000. As of September 30, 2003, we had accumulated deficits since inception of $70,830,000. 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, 2002.

We have been in production of the CCS product for approximately 47 months and have fixed operating costs that can only be absorbed by higher volumes. Our breakeven point was about at our Third Quarter production levels. Based on our current Fourth Quarter orders, we expect to earn a modest profit for the upcoming quarter. We will not be able to achieve quarterly operating profits in 2004 unless we are successful in maintaining our CCS product revenues.

***Our ability to market our products successfully depends on acceptance of our product by automotive manufacturers and consumers***

We have engaged in a lengthy development process on our CCS product which involved developing a prototype for proof of concept and then adapting the basic system to actual seats provided by various automotive manufacturers and their seat suppliers. In the past four years, we have supplied prototype seats containing our CCS product to virtually every major automobile manufacturer and seat supplier. As a result of this process, we have been selected by a number of automotive manufacturers to supply a number of current vehicles.

Our ability to market our CCS product successfully depends upon the willingness of automobile manufacturers to incur the substantial expense involved in the purchase and installation of our products and systems, and, ultimately, upon the acceptance of our product by consumers. Automobile manufacturers may be reluctant to purchase key components from a small company with limited financial and other resources. No assurances can be made that either automotive manufacturers or consumers will accept our CCS product.

We commenced initial production shipments to Johnson Controls for Ford in late November 1999. We are working with many other automotive manufacturers and their seat suppliers in an effort to have the CCS product included in other models commencing with the 2005 model year and beyond. We currently have active development programs on over twenty-five vehicle platforms, but no assurance can be given that our CCS product will be implemented in any of these vehicles. 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.

***We may need additional financing in the future***

We have experienced negative cash flow from operations since our inception and have expended, and expect to continue to expend, substantial funds to continue our development and marketing efforts. We have not generated sufficient revenues from the sales of our principal products to cover our operating expenses. We had negative cash flows from operations of $6,942,000 in 2002, $6,696,000 in 2001 and $9,370,000 in 2000.

Based on our current operating plans, we believe that cash at September 30, 2003, along with the proceeds from future revenues and borrowings from our accounts receivable-based financing, will be sufficient to meet operating needs for the foreseeable future. The actual funds that we will need to operate during this period will be determined by many factors, some of which are beyond our control, and lower than anticipated sales of our products or higher than anticipated expenses could require us to need additional financing sooner.

***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, 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 entails risks of production interruption and unexpected costs***

As of December, 2002, we had been engaged in manufacturing in California for three years, producing moderate quantities. Since that date we have ceased California manufacturing operations and we have completed the outsourcing of production to lower-cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment. The shift of production for North American and Asian platforms to a supplier plant in Chihuahua, Mexico and the start up of our next generation of product in Shanghai, China, entail 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 working overtime and overnight air freighting parts that normally are shipped by other less expensive means of transportation, could have a material adverse effect on 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 are not sure we will 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 will 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 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 properly 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 five 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.

***Our industry is subject to intense competition and our products may be rendered obsolete by future technological developments in the industry***

The automotive component industry is subject to intense competition. Several competitors have introduced ventilated seats in an effort to respond to our proprietary cooled seat technology. 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 September 30, 2003, we owned eleven U.S. patents and had six U.S. patents pending and our subsidiary BSST owned three U.S. patents and had nine U.S. patents pending and fifteen 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 patent applications. We also owned twenty-one foreign patents and had fourteen 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 certain 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. We hold current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties 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.

***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. However, we have not 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 unilateral price reductions. Although they generally reimburse companies for actual out-of-pocket costs incurred with respect to the particular contract up to the point of cancellation, these reimbursements typically do not cover costs associated with acquiring general purpose assets such as facilities and capital equipment, and may be subject to negotiation and substantial delays in 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 fees have been reimbursed and we have not suffered any price reductions.

***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. The loss of the services of Dr. Lon E. Bell, the head of BSST LLC, our research and development subsidiary, would have a material adverse effect on the success of BSST. We have obtained key-person life insurance coverage in the amount of $2,000,000 on the life of Dr. Bell.

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 engaged certain outside contractors to perform product assembly and other production functions for us. We believe that there are a number of 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. To date, warranty claims against our CCS product have been minimal and the cost to replace parts have been expensed when incurred. If available, product liability insurance generally is expensive. While we presently have $6,000,000 of product liability coverage ($5,000,000 on a Per Occurrence Basis) with an additional $2,000,000 in product recall coverage, 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 obtained 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, however.

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

Furthermore, we are engaging 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***

Big Beaver Investments LLC and Westar Capital II LLC each own 4,500 shares of Series A Preferred Stock, which are convertible into common stock at an initial conversion price of $1.675 per common share. On February 25, 2002, we entered into a separate agreement with Big Beaver pursuant to which it acquired an additional 1,720,602 shares of common stock and warrants to purchase an additional 860,301 shares of common stock at a price of $2.00 per share. Big Beaver and Westar Capital have the right to elect a majority of our directors as well as preemptive rights on future financings, so as to maintain their percentage ownership and have registration rights. Based upon the terms of the Series A Preferred Stock, Big Beaver and Westar Capital together in the aggregate held approximately 43% of our common equity (on an as converted basis, excluding options and warrants), as of September 30, 2003.

***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, obviously, 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 Series A Preferred Stock, 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 Series A Preferred Stock will vote together with the shares of common stock on most matters submitted to shareholders. As of September 30, 2003, the holders of the Series A Preferred Stock had approximately 43% of our voting shares and had the ability to approve or prevent any subsequent change of control.

In addition, our Board of Directors has the authority to issue up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of 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.

***Future sales of eligible shares may lower the price of our common stock***

On February 25, 2002, we completed the sale of 4,333,368 shares of common stock and 2,166,684 warrants to purchase shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of $6,500,052. The $6,500,052 excludes $2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. As partial compensation for services rendered in the private placement, Roth Capital Partners, LLC ("Roth"), was granted a warrant to purchase up to 550,005 shares of our common stock. The warrants issued in the private placement have an exercise price of $2.00 per share and expire on February 25, 2007. As of September 30, 2003, Roth had exercised a portion of this warrant and purchased a total of 158,800 shares of common stock. Although the shares issued in the private placement are restricted under the Securities Act, we filed with the Securities and Exchange Commission a registration statement under the Securities Act to permit the resale of the common stock issued in the private placement (including those shares issuable upon exercise of the warrants). The Securities and Exchange Commission declared the registration statement effective on April 3, 2002 and the shares are eligible for resale.

In March 2001, Tokyo-based Ferrotec Corporation ("Ferrotec") acquired 200,000 restricted shares of our common stock. The subscription agreement grants Ferrotec demand registration rights beginning one year from the closing of the subscription agreement and piggy-back registration rights if we propose to register any securities before then. Ferrotec registered all of its shares in our March 2002 registration statement.

Our Series A Preferred Stock is convertible into 5,373,134 shares of common stock and the holders thereof possess demand and piggyback registration rights.

As part of the agreement with Ford dated March 2000, we granted warrants to Ford exercisable for our common stock. Warrants for the right to purchase 108,000 shares of common stock at an exercise price of $2.75 per share were issued and fully vested in 2000. Based on current shipment levels, Ford will earn an additional warrant for 216,690 shares of common stock at an exercise price of $5.75 per share. Additional warrants will be granted and vested based upon purchases by Ford of a specified number of CCS units throughout the length of the agreement. If Ford achieves all of the incentive levels required under the agreement, which entail substantial volume increases, warrants will be granted and vested for an additional 1,300,000 shares of common stock (which includes the 216,690 shares noted above) at increasing prices per share each year.

Employees and directors (who are not deemed affiliates) hold options to buy 1,097,255 shares of common stock at September 30, 2003. We may issue options to purchase up to an additional 805,258 shares of common stock at September 30, 2003 under our stock option plans. The common stock to be issued upon exercise of these options, has been registered, and therefore, may be freely sold when issued. As of September 30, 2003, we also have outstanding additional warrants to buy 4,073,863 shares of common stock with exercise prices ranging from $1.15 to $5.30 and have expiration dates ranging from November 6, 2003 to March 27, 2007.

In June 2003 the Company entered into a Subscription Agreement with Ferrotec Corporation ("Ferrotec"), whereby Ferrotec purchased 1,000,000 shares of unregistered Common Stock at $2.50 per share. The Subscription Agreement grants Ferrotec demand registration rights beginning one year from the closing of the Subscription Agreement and piggy-back registration rights if the Company proposed to register any securities before then. The Company received a $2,500,000 payment in exchange for the shares on June 27, 2003.

In June 2003, a partial exercise of warrants issued in the 2002 Private Placement occurred. Special Situations Funds, MicroCapital Fund and Roth Capital Partners 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 $500,000. During the quarter ended September 30, 2003, Roth Capital Partners and Westar Capital II LLC exercised warrants to purchase 108,800 shares at $2.00 per share and 3,136 shares at $2.67 per share respectively for an aggregate exercise price of $225,973.

Future sales of the shares described above could depress the market price of our common 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). In April 2003 we received notice of our non-compliance with a continued listing requirement of The Nasdaq Stock Market ("Nasdaq"). We responded to Nasdaq's inquiry and submitted a plan to regain and sustain a $2,500,000 minimum of shareholders' equity. With the completion of the 2003 private placement and the warrant exercise transactions and the filing of the 10-Q report for the second quarter of 2003 with the Securities Exchange Commission, the Company believed it was compliant with the applicable Nasdaq continued listing requirements. On August 18, 2003, the Company received notice from Nasdaq confirming compliance with Nasdaq's listing requirements.

If we fail to maintain this requirement, our common stock will 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.

## ITEM 3

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and our debt obligations under our revolving line of credit. 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 its invested funds by limiting default risk and market risk. Our borrowings under the revolving line of credit bear interest at Comerica Bank's prime rate (4.00% at September 30, 2003) plus 2.75%. As of September 30, 2003, $526,000 was borrowed under that line of credit, maturing and payable on January 1, 2004. The amount borrowed approximates fair value at September 30, 2003. We have no investments or transactions denominated in foreign country currencies and therefore are not subject to foreign exchange risk.

Except as described above, there have been no material changes with respect to market risk since the Form 10-K was filed for our year ended December 31, 2002.

## ITEM 4

## CONTROLS AND PROCEDURES

Management, including the Company's President & Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the period ended September 30, 2003. Based upon, and as of the date of that evaluation, the President & Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There was no change in our internal control over financial reporting identified in connection with such evaluation that occurred during our fiscal quarter ended September 30, 2003 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

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**PART II**

**OTHER INFORMATION**

**ITEM 6.** **Exhibits and Reports on Form 8-K**

(a) Exhibits

31.1 Rule 13a-14(a) Certification of Chief Executive Officer

31.2 Rule 13a-14(a) Certification of Chief Financial Officer

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.

(b) Reports on Form 8-K

On August 14, 2003, we filed a Current Report on Form 8-K which included a press release dated August 13, 2003, announcing the Company's second quarter 2003 results. Financial statements were filed as part of the press release, which was attached as an exhibit to the Current Report.

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## SIGNATURES

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

**Amerigon Incorporated**
(Registrant)

/s/ DANIEL R. COKER

Daniel R. Coker
President & Chief Executive Officer
(Duly Authorized Officer)

Date: November 13, 2003

/s/ WILLIAM J. WILLS

William J. Wills
Chief Financial Officer
(Principal Financial Officer)

Date: November 13, 2003

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**Exhibit Index**

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| 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer. |
| 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer. |
| 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. |

**Exhibit 31.1**

**CHIEF EXECUTIVE OFFICER'S CERTIFICATION**

I, Daniel R. Coker, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officers 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 we 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 officers 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 registrant's board of directors (or persons performing the equivalent function):
   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.

Date: November 13, 2003

/s/ DANIEL R. COKER

Daniel R. Coker
President & Chief Executive Officer

**Exhibit 31.2**

**CHIEF FINANCIAL OFFICER'S CERTIFICATION**

I, William J. Wills, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officers 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 we 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 officers 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 registrant's board of directors (or persons performing the equivalent function):
    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.

Date: November 13, 2003

/s/ WILLIAM J. WILLS

William J. Wills
Chief Financial Officer

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 Quarterly Report of Amerigon Incorporated (the “Company”) on Form 10-Q for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel R. Coker, President and 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
November 13, 2003

**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 Quarterly Report of Amerigon Incorporated (the "Company") on Form 10-Q for the period ended June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Wills, 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/ WILLIAM J. WILLS

William J. Wills
Chief Financial Officer
November 13, 2003