
**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 June 30, 2008

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
(State or other jurisdiction of
incorporation or organization)

21680 Haggerty Road, Ste. 101, Northville, MI
(Address of principal executive offices)

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

48167
(Zip Code)

Registrant's telephone number, including area code: (248) 504-0500

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, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer (Do not check if a smaller reporting company)

Smaller reporting company

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

At August 6, 2008, the registrant had 22,150,369 shares of Common Stock, no par value, issued and outstanding.

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AMERIGON INCORPORATED

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERIGON INCORPORATED
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2008 <u>(unaudited)</u>	December 31, 2007 <u></u>
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 13,609	\$ 1,170
Short-term investments	—	23,925
Accounts receivable, less allowance of \$401 and \$542, respectively	11,282	11,672
Inventory:		
Raw materials	71	329
Finished goods	4,765	1,890
Inventory	4,836	2,219
Deferred income tax assets	4,121	3,784
Prepaid expenses and other assets	583	595
Total current assets	34,431	43,365
Property and equipment, net	4,562	3,965
Long-term investments	13,025	—
Deferred financing costs	7	9
Patent costs, net of accumulated amortization of \$208 and \$121, respectively	2,853	2,679
Deferred income tax assets	4,200	5,968
Total assets	<u>\$ 59,078</u>	<u>\$ 55,986</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 8,238	\$ 8,640
Accrued liabilities	3,526	3,987
Deferred manufacturing agreement – current portion	200	200
Total current liabilities	11,964	12,827
Pension Benefit Obligation	47	—
Deferred manufacturing agreement – long-term portion	350	450
Total liabilities	12,361	13,277
Shareholders' equity:		
Common Stock:		
No par value; 30,000,000 shares authorized, 22,150,369 and 21,917,733 issued and outstanding at June 30, 2008 and December 31, 2007, respectively	63,968	63,028
Paid-in capital	22,201	21,766
Accumulated other comprehensive income – foreign currency	(8)	(16)
Accumulated deficit	(39,444)	(42,069)
Total shareholders' equity	46,717	42,709
Total liabilities and shareholders' equity	<u>\$ 59,078</u>	<u>\$ 55,986</u>

See accompanying notes to the consolidated condensed financial statements.

AMERIGON INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Product revenues	\$16,796	\$15,058	\$34,156	\$31,331
Cost of sales	11,517	9,903	23,318	20,962
Gross margin	5,279	5,155	10,838	10,369
Operating expenses:				
Research and development	2,183	1,868	4,582	3,595
Research and development reimbursements	(686)	(528)	(1,495)	(1,112)
Net research and development expenses	1,497	1,340	3,087	2,483
Selling, general and administrative	2,032	2,023	4,159	4,176
Total operating expenses	3,529	3,363	7,246	6,659
Operating income	1,750	1,792	3,592	3,710
Interest income	218	244	515	430
Other income	35	50	87	100
Earnings before income tax	2,003	2,086	4,194	4,240
Income tax expense	749	830	1,569	1,690
Net income	<u>\$ 1,254</u>	<u>\$ 1,256</u>	<u>\$ 2,625</u>	<u>\$ 2,550</u>
Basic earnings per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>	<u>\$ 0.12</u>
Diluted earnings per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>
Weighted average number of shares – basic	<u>22,140</u>	<u>21,631</u>	<u>22,072</u>	<u>21,511</u>
Weighted average number of shares – diluted	<u>22,710</u>	<u>22,637</u>	<u>22,760</u>	<u>22,504</u>

See accompanying notes to the consolidated condensed financial statements.

AMERIGON INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2008	2007
Operating Activities:		
Net income	\$ 2,625	\$ 2,550
Adjustments to reconcile net income to cash provided by operating activities:		
Deferred tax provision	1,431	1,605
Stock option compensation	435	400
Depreciation and amortization	625	256
Loss on disposal of property and equipment	10	—
Changes in operating assets and liabilities:		
Accounts receivable	389	(1,625)
Inventory	(2,617)	2,662
Prepaid expenses and other assets	16	(968)
Accounts payable	(401)	596
Accrued liabilities	(413)	792
Net cash provided by operating activities	<u>2,100</u>	<u>6,268</u>
Investing Activities:		
Purchases of investments	(3,100)	(19,837)
Sales and maturities of investments	14,000	15,751
Purchase of property and equipment	(1,247)	(935)
Patent costs	(261)	(1,675)
Net cash provided by (used in) investing activities	<u>9,392</u>	<u>(6,696)</u>
Financing Activities:		
Proceeds from the exercise of Common Stock options	940	236
Net cash provided by financing activities	<u>940</u>	<u>236</u>
Foreign currency effect	7	(11)
Net increase (decrease) in cash and cash equivalents	12,439	(203)
Cash and cash equivalents at beginning of period	1,170	2,440
Cash and cash equivalents at end of period	<u>\$13,609</u>	<u>\$ 2,237</u>
Supplemental disclosure of cash flow information:		
Cash paid for taxes	<u>\$ 172</u>	<u>\$ 135</u>
Supplemental disclosure of non-cash transactions:		
Issuance of Common Stock under the 2006 Equity Incentive Plan	<u>\$ 344</u>	<u>\$ 389</u>

See accompanying notes to the consolidated condensed financial statements.

AMERIGON INCORPORATED

CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock		Paid-in Capital	Accumulated Deficit	Currency Translation Adjustment	Total
	Shares	Amount				
Balance at December 31, 2007	21,918	\$63,028	\$21,766	\$ (42,069)	\$ (16)	\$ 42,709
Exercise of Common Stock options	195	596	—	—	—	596
Common Stock issued to employees	37	344	—	—	—	344
Stock option compensation	—	—	435	—	—	435
Comprehensive income:						
Currency translation	—	—	—	—	8	
Net income	—	—	—	2,625	—	
Total comprehensive income						2,633
Balance at June 30, 2008	<u>22,150</u>	<u>\$63,968</u>	<u>\$22,201</u>	<u>\$ (39,444)</u>	<u>\$ (8)</u>	<u>\$ 46,717</u>

See accompanying notes to the condensed consolidated financial statements.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 – The Company

Amerigon Incorporated (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 (“CCSTM”), which provides year-round comfort to passengers of automobiles by providing both heating and cooling to seat occupants. Since 2000, the Company has shipped over 4,000,000 units of its CCS product through June 30, 2008.

In 2003, the Company launched a newly designed and more efficient version of its CCS that incorporates its new Micro Thermal ModuleTM technology. This new generation CCS system, which is based on the Company’s proprietary thermoelectric technology device, is smaller, lighter, quieter and more versatile than its predecessor. Further generations of the CCS system are under development and are expected to be launched on future vehicle models.

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

Note 2 – Basis of Presentation and New Accounting Pronouncements

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring items, considered necessary for a fair presentation have been included. The balance sheet as of December 31, 2007 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Operating results for the three and six month periods ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2007 included in our Annual Report on Form 10-K. Certain prior year amounts reported in the consolidated condensed statement of cash flows have been reclassified to conform to current year presentation.

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standard No. 157, “Fair Value Measurements”, (“SFAS 157”) for financial assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. On November 14, 2007 the FASB agreed to a one-year deferral for the implementation of SFAS 157 for other non-financial assets and liabilities. The Company’s adoption of SFAS 157 did not have a material affect on the Company’s consolidated condensed financial statements for financial assets and liabilities and any other assets and liabilities carried at fair value.

Note 2 – Basis of Presentation and New Accounting Pronouncements – Continued

In December 2007 the Financial Accounting Standards Board issued Statement of financial Accounting Standard No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51” (“SFAS 160”). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the retained interest in a gain or loss when a subsidiary is deconsolidated. This statement is effective for the Company starting in 2009. Earlier adoption is prohibited. The Company is currently evaluating the impact, if any, of SFAS 160 on its operating results and financial position.

Note 3 – Earnings per Share

Basic earnings per common share are computed in accordance with Statement of Financial Accounting Standard No. 128, “Earnings Per Share” by dividing net income by the weighted average number of shares of stock outstanding.

The Company’s diluted earnings per common share give effect to all potential shares of Common Stock outstanding during a period that are not anti-dilutive. In computing the diluted earnings per share, the treasury stock method is used in determining the number of shares assumed to be purchased from the conversion of Common Stock equivalents. The following summarizes the shares included in the dilutive shares as disclosed on the face of the consolidated condensed statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Weighted average number of shares for calculation of basic EPS – Common Stock	22,140,457	21,631,406	22,072,462	21,511,265
Impact of stock options outstanding under the 1993, 1997 and 2006 Stock Option Plans	569,437	1,005,313	686,880	918,877
Impact of warrants outstanding for the purchase of Common Stock	—	—	—	73,757
Weighted average number of shares for calculation of diluted EPS	<u>22,709,894</u>	<u>22,636,719</u>	<u>22,759,342</u>	<u>22,503,899</u>

The accompanying table represents Common Stock issuable upon the exercise of certain stock options that have been excluded from the diluted shares calculation because the effect of their inclusion would be anti-dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Stock options outstanding under the 1993 and 1997 Stock Option Plans	<u>84,000</u>	<u>—</u>	<u>78,000</u>	<u>2,000</u>

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Note 4 – Segment Reporting

The tables below present segment information about the reported product revenues and operating income of the Company for the three and six month period ended June 30, 2008 and 2007. Asset information by reportable segment is not reported since the Company does not manage assets at a segment level.

<u>Three Months Ended June 30,</u>	<u>CCS</u>	<u>BSST ⁽¹⁾</u>	<u>Reconciling Items</u>	<u>Total</u>
			(in Thousands)	
2008				
Product revenues	\$16,775	\$ 21	\$ —	\$16,796
Operating income	4,466	(684)	(2,032) ⁽²⁾	1,750
2007				
Product revenues	\$15,058	\$ —	\$ —	\$15,058
Operating income	4,510	(695)	(2,023) ⁽²⁾	1,792

⁽¹⁾ BSST's operating loss for the three months ended June 30, 2008 and 2007 is net of \$686,000 and \$528,000, respectively, of reimbursed research and development costs.

⁽²⁾ Represents corporate selling, general and administrative costs and includes depreciation expense of \$67,000 and \$48,000, for the three months ended June 30, 2008 and 2007, respectively.

<u>Six Months Ended June 30,</u>	<u>CCS</u>	<u>BSST ⁽¹⁾</u>	<u>Reconciling Items</u>	<u>Total</u>
			(in Thousands)	
2008				
Product revenues	\$34,099	\$ 57	\$ —	\$34,156
Operating income	9,165	(1,414)	(4,159) ⁽²⁾	3,592
2007				
Product revenues	\$31,331	\$ —	\$ —	\$31,331
Operating income	9,050	(1,164)	(4,176) ⁽²⁾	3,710

⁽¹⁾ BSST's operating loss for the six months ended June 30, 2008 and 2007 is net of \$1,495,000 and \$1,112,000, respectively, of reimbursed research and development costs.

⁽²⁾ Represents corporate selling, general and administrative costs and includes depreciation expense of \$125,000 and \$93,000, for the six months ended June 30, 2008 and 2007, respectively.

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Product revenues information by geographic area:

	Three Months Ended June 30,			
	2008		2007	
North America	\$ 7,089	42%	\$ 8,890	59%
Asia	8,215	49%	5,402	36%
Europe	1,492	9%	766	5%
Total product revenues	<u>\$16,796</u>	<u>100%</u>	<u>\$15,058</u>	<u>100%</u>

	Six Months Ended June 30,			
	2008		2007	
North America	\$16,312	48%	\$19,167	61%
Asia	15,001	44%	10,766	34%
Europe	2,843	8%	1,398	5%
Total product revenues	<u>\$34,156</u>	<u>100%</u>	<u>\$31,331</u>	<u>100%</u>

Note 5 – Related Party Transactions

The Company has outsourced production of the second generation of the CCS product to a contract manufacturer, Ferrotec Corporation (“Ferrotec”), a Japanese company with operations located in Hangzhou, China. Ferrotec owned 400,000 (2%) shares of the Company’s Common Stock as of June 30, 2008. For the three months ended June 30, 2008 and 2007, purchases from this supplier totaled \$7,537,000 and \$6,562,000, respectively. For the six months ended June 30, 2008 and 2007, purchases from this supplier totaled \$15,497,000 and \$11,028,000, respectively. The Company had an accounts payable balance with Ferrotec of \$4,746,000 as of June 30, 2008 and \$4,879,000 as of December 31, 2007.

Note 6 – Executive Nonqualified Defined Benefit Plan

On August 8, 2008 the Company established The Executive Nonqualified Defined Benefit Plan of Amerigon Incorporated (the “Plan”) with an effective date of April 1, 2008. Daniel Coker, the Company’s President and Chief Executive Officer, is expected to be the only participant in the Plan which will, if fully vested, provide for fifteen annual retirement benefit payments of \$300,000 each beginning January 1, 2018. Mr. Coker will become entitled to receive such retirement benefit payments, or a portion thereof, through his continuous service to the Company as follows: Mr. Coker will become proportionally vested in the benefit over a six year period starting on April 1, 2011. The Company has also established a corporate-owned life insurance policy (“COLI”) on the life of Oscar Marx III, the Chairman of the Company’s Board of Directors. The COLI will be held by a trust established for payment of benefits under the Plan.

We have accounted for the Plan in accordance with Statement of Financial Accounting Standard No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plan” which requires that the Company record a projected benefit obligation representing the present value of future plan benefits when earned by the participant. As of June 30, 2008, the Company has recorded a pension benefit obligation of \$47,000.

Note 7 – Auction Rate Preferred Stock

As of June 30, 2008, the Company's long-term investment portfolio included \$13,025,000 of auction rate preferred stock ("ARPS"). All of the Company's ARPS are issued by closed-end fixed income investment funds, carry AAA credit ratings from Moody's Investors Service and/or Standard & Poor's and hold auctions every seven days to reset the dividend rates for the next week. These funds are subject to certain regulatory requirements, which mandate an asset coverage ratio of 200% to cover the fund's liabilities, including their ARPS, pursuant to the Investment Company Act of 1940.

Beginning in mid-February 2008, the ARPS market experienced widespread auction failures including all of the ARPS held by the Company. This resulted in the Company's inability to sell these securities at auction. A failed auction results in a lack of liquidity in the securities, but does not signify a default by the issuer. Upon an auction failure, the interest rates reset based on a formula contained in the security, which is typically equal to 150-200% of a short-term interest rate index.

During the time since the auctions first began to fail, a number of the fixed income funds that have issued the ARPS held by the Company have obtained alternative financing and have redeemed the ARPS at their face value, which represents the Company's carrying value and the value at which the Company purchased the ARPS. During the three and six month periods ended June 30, 2008, the Company received proceeds totaling \$10,150,000 in redemptions of the ARPS held by the Company. Additional redemptions are expected to be received but on a time table that has not been established.

While the Company will continue to monitor and analyze its ARPS, we believe the carrying values of our ARPS approximate their fair value.

Based on the current lack of liquidity related to these investments, the Company has reclassified all of its ARPS from short-term investments to long-term investments.

The Company believes that its current working capital, exclusive of the ARPS, of \$22,467,000, its expected positive free cash flow in 2008 and its \$20.0 million revolving line of credit will be adequate to fund its current business needs, even if the Company experiences illiquidity for an extended period of time with respect to the entire amount remaining invested in ARPS.

Note 8 – Revolving Credit Facility Amendment

On April 29, 2008, the Company executed an amendment to its Revolving Credit Line with Comerica Bank. The amendment increased the amount available to \$20,000,000 from \$10,000,000. Under the terms of the amendment, a Borrowing Base limiting the loans available under the Revolving Credit Line is effective when aggregate loans exceed \$10,000,000. The Borrowing Base is equal to 85% of Eligible Domestic accounts receivable plus the lesser of 60% of Eligible Foreign accounts receivable or \$3,000,000 plus 50% of Eligible Inventory plus 70% of the market value of Eligible Securities. Eligible Securities include the ARPS owned by the Company. All other terms of the Revolving Credit Line were substantially unaffected by the amendment. As of June 30, 2008, there were no loans outstanding under the Revolving Credit Line and one letter of credit totaling \$165,000. Total available under the line as of June 30, 2008 was \$19,835,000.

Note 9 – Fair Value Measurement

On January 1, 2008, the Company adopted the methods of fair value as described in SFAS 157 to value its financial assets and liabilities. As defined in SFAS 157, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, SFAS 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and also considers counterparty credit risk in its assessment of fair value.

The Company's financial assets and liabilities that are carried at fair value are its investment portfolio of ARPS. Due to the lack of observable market quotes on the ARPS portfolio, the Company utilizes valuation models that rely exclusively on Level 3 inputs including those based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. The valuation of the Company's ARPS is subject to uncertainties that are difficult to predict. Factors that may impact the Company's valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates, counterparty risk and ongoing strength and quality of market credit and liquidity.

The Company chose not to elect the fair value option as prescribed by Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" for its financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities not carried at fair value, such as the Company's trade accounts receivable and payable are still reported at their face values.

Although the Company has not elected the fair value option for financial assets and liabilities existing at January 1, 2008 or transacted in the six months ended June 30, 2008, any future transacted financial asset or liability will be evaluated for the fair value election as prescribed by SFAS 157 and fairly valued under the provisions of SFAS 157.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 June 2008, we have shipped over 4.0 million units of our CCS product to customers since 2000. Our CCS product is currently offered as an optional feature on 26 automobile models produced by Ford Motor Company, General Motors Corporation, Toyota Motor Corporation, Nissan Motors, Honda Motor Company and Hyundai Corporation.

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 producing MTM's for several new automobile models which incorporate a number of improvements representing our third generation of CCS development in less than five years. Further generations of the CCS system are under development and are expected to be launched on future vehicle models.

Results of Operations

Second Quarter 2008 Compared with Second Quarter 2007

Product Revenues. Product revenues for the three months ended June 30, 2008 ("Second Quarter 2008"), were \$16,796,000 compared with revenues of \$15,058,000 for the three months ended June 30, 2007 ("Second Quarter 2007"), an increase of \$1,738,000, or 12%. Higher sales were primarily the result of new model introductions, higher penetration on certain programs and a higher average unit price. These increases were partially offset by lower volumes on existing programs and by a production shutdown at one of our customers which resulted from a labor strike at an automotive supplier, American Axle and Manufacturing Holdings Incorporated ("AXL"). Unit shipments increased to 253,000 units for the Second Quarter 2008 compared with 226,000 units for the Second Quarter 2007. New products equipped with CCS and launched since the Second Quarter 2007 included the Hyundai Genesis, Lexus LX 570, Jaguar XJ, Jaguar XF, Lincoln MKS and three vehicle models not yet announced. We expect that our product revenue over the remainder of the year will increase due to the effect of reaching full production volume on these programs and due to a number of new vehicle introductions which will begin to offer the CCS as an option during the second half of the year. These new vehicles include the Ford F-Series pickup and an expansion into an increased number of models produced by General Motors under their light truck platform known as the GMT 900 series. These include the Chevrolet Suburban, Chevrolet Tahoe, Chevrolet Avalanche, GMC Yukon, GMC Yukon XL, GMC Yukon Denali and the GMC Sierra Pickup. 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 the Second Quarter 2008 compared with that of the Second Quarter 2007. Content varies among programs based upon differing customer sourcing decisions for certain components that complement the CCS system. Also, two vehicles, beginning with the 2008 model year, began to install the CCS as a standard feature; previously, the CCS was installed on these vehicles at the option of the car buyer. Volume decreased on existing

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programs primarily due to declining overall automotive market volume which has been impacted by slowing economic activity in North America and higher gas prices. We estimate that the AXL strike reduced product revenue for the Second Quarter 2008 by \$1,000,000 to \$1,200,000.

Cost of Sales. Cost of sales increased to \$11,517,000 in the Second Quarter 2008 from \$9,903,000 in the Second Quarter 2007. This increase of \$1,614,000, or 16%, is attributable to higher sales volumes and a lower gross profit percentage. The gross profit percentage during the Second Quarter 2008 was 31% and was 34% during the Second Quarter 2007. This decrease is primarily attributable to an unfavorable change in the mix of products sold which favored programs having a higher gross margin percentage during the Second Quarter 2007 compared with the Second Quarter 2008.

Net Research and Development Expenses. Net research and development expenses increased to \$1,497,000 in the Second Quarter 2008 from \$1,340,000 in the Second Quarter 2007. This \$157,000, or 12%, increase was due to the addition of CCS engineering resources to support the large number of upcoming new vehicle programs, continued development of new automotive and non-automotive TE-based products and increased research activities associated with our advanced TED program, offset partially by higher research and development reimbursements. The higher research and development reimbursements reflect an increase in government research programs including the Department of Energy sponsored Automotive Waste Heat Recovery Program which is currently in phase three of four. We expect that our net research and development expenses will increase substantially during the remainder of 2008 and in 2009 as we continue to increase our development activities supporting the advanced TED technology. This increase is expected to be approximately \$400,000 to \$500,000 per quarter. Our research and development reimbursements are not likely to increase proportionately to the increase in research and development expenses due to an increasing focus on certain TED material and production process technology advancements for which we do not plan to seek partnership support.

We classify development and prototype costs and related reimbursements as research and development. This is consistent with accounting standards applied in the automotive industry. Depreciation costs for tooling are included in cost of sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased slightly to \$2,032,000 in the Second Quarter 2008 compared with \$2,023,000 in the Second Quarter 2007. We expect that selling, general and administrative expenses will increase by 5-10% in the second half of the year due to an approximately \$100,000 per quarter increase in stock option compensation expense related to a stock option grant to employees approved by the Board of Directors on July 23, 2008 and due to marketing and administrative costs associated with new automotive and non-automotive TE-based product introductions.

Interest Income. We had interest income of \$218,000 for the Second Quarter 2008 compared with \$244,000 for the Second Quarter 2007. The decrease of \$26,000, or 11%, resulted from lower average yields on our cash equivalents, short-term investments and long-term investments offset partially by higher balances on these interest paying investments during the Second Quarter 2008 compared with the Second Quarter 2007 (see "Liquidity and Capital Resources").

Income Tax Expense. We recorded income tax expense of \$749,000 during the Second Quarter 2008. This reflected an estimated effective tax rate for the year of approximately 37%. Our current income tax expense is expected to be substantially offset by our net operating loss carryforwards. Therefore, we do not expect to have a significant cash outlay for income taxes in the current year. The income tax expense for the Second Quarter 2007 was \$830,000 representing an effective tax rate of 40%. The higher rate for the prior year was primarily due to having not recorded a benefit for research and development tax credits during that

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period. We began recording the benefit of our research and development tax credits during the third quarter of 2007 at which time we had completed a study of the qualification of our research and development activities toward such credits.

First Half 2008 Compared with First Half 2007

Product Revenues. Product revenues for the six months ended June 30, 2008 ("First Half 2008"), were \$34,156,000 compared with revenues of \$31,331,000 for the six months ended June 30, 2007 ("First Half 2007"), an increase of \$2,825,000, or 9%. Higher sales were primarily the result of new model introductions, higher penetration on certain programs and a higher average unit price. These increases were partially offset by lower volumes on existing programs and by a production shutdown at one of our customers which resulted from a labor strike at an automotive supplier, AXL. Unit shipments increased to 506,000 units for the First Half 2008 compared with 466,000 units for the First Half 2007. New products equipped with CCS and launched since the First Half 2007 included the Hyundai Genesis, Lexus LX 570, Jaguar XJ, Jaguar XF, Lincoln MKS and three vehicle models not yet announced. We expect that our product revenue over the remainder of the year will increase due to the effect of reaching full production volume on these programs and due to a number of new vehicle introductions which will begin to offer the CCS as an option during the second half of the year. These new vehicles include the Ford F-Series pickup and an expansion into an increased number of models produced by General Motors under their light truck platform known as the GMT 900 series. These include the Chevrolet Suburban, Chevrolet Tahoe, Chevrolet Avalanche, GMC Yukon, GMC Yukon XL, GMC Yukon Denali and the GMC Sierra Pickup. 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 the First half 2008 compared with that of the First Half 2007. Content varies among programs based upon differing customer sourcing decisions for certain components that complement the CCS system. Also, two vehicles, beginning with the 2008 model year, began to install the CCS as a standard feature; previously, the CCS was installed on these vehicles at the option of the car buyer. Volume decreased on existing programs primarily due to declining overall automotive market volume which has been impacted by slowing economic activity in North America and higher gas prices. We estimate that the AXL strike reduced product revenue for the First Half 2008 by \$1,000,000 to \$1,200,000.

Cost of Sales. Cost of sales increased to \$23,318,000 in the First Half 2008 from \$20,962,000 in the First Half 2007. This increase of \$2,356,000, or 11%, is attributable to higher sales volumes and a lower gross profit percentage. The gross profit percentage during the First Half 2008 was 32% and was 33% during the First Half 2007. This decrease is primarily attributable to an unfavorable change in the mix of products sold which favored programs having a higher gross margin percentage during the First Half 2007 compared with the First Half 2008.

Net Research and Development Expenses. Net research and development expenses increased to \$3,087,000 in the First Half 2008 from \$2,483,000 in the First Half 2007. This \$604,000, or 24%, increase was due to the addition of CCS engineering resources to support the large number of upcoming new vehicle programs, continued development of new automotive and non-automotive TE-based products and increased research activities associated with our advanced TED program, offset partially by higher research and development reimbursements. The higher research and development reimbursements reflect an increase in government research programs including the Department of Energy-sponsored Automotive Waste Heat Recovery Program, currently in phase three of four. We expect that our net research and development expenses will increase substantially during the remainder of 2008 and in 2009 as we continue to increase our development activities supporting the advanced TED technology. This increase is expected to be approximately \$400,000 to \$500,000 per quarter. Our research and development reimbursements are not

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likely to increase proportionately to the increase in research and development expenses due to an increasing focus on certain TED material and production process technology advancements for which we do not plan to seek partnership support.

We classify development and prototype costs and related reimbursements as research and development. This is consistent with accounting standards applied in the automotive industry. Depreciation costs for tooling are included in cost of sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to \$4,159,000 in the First Half 2008 compared with \$4,176,000 in the First Half 2007. We expect that selling, general and administrative expenses will increase by 5-10% in the second half of the year due to an approximately \$100,000 per quarter increase in stock option compensation expense related to a stock option grant to employees approved by the Board of Directors on July 23, 2008 and due to marketing and administrative costs associated with new automotive and non-automotive TE-based product introductions.

Interest Income. We had interest income of \$515,000 for the First Half 2008 compared with \$430,000 for the First Half 2007. The increase of \$85,000, or 20%, resulted from higher cash equivalent investments, short-term investment and long-term investment balances during the First Half 2008 compared with the First Quarter 2007 partially offset by lower average yields on these interest paying investments (see "Liquidity and Capital Resources").

Income Tax Expense. We recorded income tax expense of \$1,569,000 during the First Half 2008. This reflected an estimated effective tax rate for the year of 37%. Our current income tax expense is expected to be substantially offset by our net operating loss carryforwards. Therefore, we do not expect to have a significant cash outlay for income taxes in the current year. The income tax expense for the First Half 2007 was \$1,690,000 representing an effective tax rate of 40%. The higher rate for the prior year was primarily due to having not recorded a benefit for research and development tax credits during that period. We began recording the benefit of our research and development tax credits during the third quarter of 2007 after completing a study of the qualification of our research and development activities toward such credits.

Liquidity and Capital Resources

The following table represents our cash and cash equivalents, short-term investments and long-term investments:

	June 30, 2008	December 31, 2007
Cash and cash equivalents	\$ 13,609,000	\$ 1,170,000
Short-term investments	—	23,925,000
	<u>\$ 13,609,000</u>	<u>\$ 25,095,000</u>
Long-term investments	<u>\$ 13,025,000</u>	<u>\$ —</u>

We manage our cash, cash equivalents short-term and long-term investments to fund operating requirements. Cash and cash equivalents increased by \$12,439,000 to \$13,609,000 during First Half 2008. At June 30, 2008, our long-term investments were Auction Rate Preferred Stock ("ARPS"). At December 31, 2007 our short-term investments were \$20,925,000 in ARPS and \$3,000,000 of Municipal Notes. The Municipal notes matured on March 31, 2008 and a portion of the ARPS totaling \$22,025,000 were reclassified to long-term investments during the First Quarter 2008.

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All of our ARPS are issued by closed-end fixed income investment funds, carry AAA credit ratings from Moody's Investors Service and/or Standard & Poor's and hold auctions every seven days to reset the dividend rates for the next week. These funds are subject to certain regulatory requirements, which mandate an asset coverage ratio of 200% to cover the fund's liabilities, including their ARPS, pursuant to the Investment Company Act of 1940.

Beginning in mid-February 2008, the ARPS market experienced widespread auction failures including all of the ARPS we own. This resulted in our inability to sell these securities. A failed auction results in a lack of liquidity in the securities but does not signify a default by the issuer. Upon an auction failure, the interest rates reset based on a formula contained in the security, which is typically equal to 150-200% of a short-term interest rate index.

During the time since the auctions first began to fail, a number of the fixed income funds that have issued the ARPS held by us have obtained alternative financing and have redeemed the ARPS at their face value, which represents our carrying value and the value at which we purchased the ARPS. During the three and six month periods ended June 30, 2008, we received proceeds totaling \$10,150,000 in redemptions of the ARPS held by us. Additional redemptions are expected to be received but on a time table that has not been established.

While we will continue to monitor and analyze our ARPS, we believe the carrying values of our ARPS approximate their fair value.

Based on the current lack of liquidity related to these investments, we reclassified our ARPS from short-term investments to long-term investments.

We believe that our current working capital of \$22,467,000 (exclusive of the ARPS) our expected positive free cash flow in 2008 and our \$20.0 million revolving line of credit will be adequate to fund our current business needs, even if the Company experiences illiquidity for an extended period of time with respect to the remaining amount invested in ARPS.

On April 29, 2008, we amended our Revolving Credit Line with Comerica Bank. The amendment increased the amount available to \$20,000,000 from \$10,000,000. Under the terms of the amendment, a Borrowing Base limiting the loans available under the Revolving Credit Line is effective when aggregate loans exceed \$10,000,000. The Borrowing Base is equal to 85% of Eligible Domestic accounts receivable (as defined by the agreement), plus the lesser of 60% of Eligible Foreign accounts receivable (as defined by the agreement) or \$3,000,000, plus 50% of Eligible Inventory (as defined by the agreement), plus 70% of the market value of Eligible Securities (as defined by the agreement). Eligible Securities include the ARPS we own. All other terms of the Revolving Credit Line were substantially unaffected by the amendment. As of June 30, 2008 there were no loans outstanding under the Revolving Credit Line and one letter of credit was outstanding totaling \$165,000. Total available under the line as of April 30, 2008 was \$19,835,000.

Cash provided by operating activities during First Half 2008 was \$2,100,000 and was attributable to net income, plus non-cash adjustments including deferred taxes of \$1,431,000, stock option compensation of \$435,000, depreciation and amortization of \$625,000, and partially offset by an increase in net operating assets and liabilities of \$3,026,000. The higher net operating assets and liabilities were primarily due to higher inventory and lower accounts payable and accrued liabilities as of June 30, 2008 compared with December 31, 2007. These differences were partially offset by a lower accounts receivable balance.

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As of June 30, 2008, working capital was \$22,467,000 and was \$30,538,000 at December 31, 2007, a decrease of \$8,071,000, or 26%. This decrease was primarily due to the reclassification of a portion of our ARPS from short-term investments to long-term investments, as described above, totaling \$20,925,000, offset partially by ARPS redemptions totaling \$10,150,000, by an increase in inventory of \$2,617,000 and by decreases in accounts payable of \$401,000 and accrued liabilities of \$413,000. Inventory increased primarily in preparation for a number of new program launches expected to begin during the second quarter some of which have been postponed into the third quarter of 2008. Accounts payable decreased due to the timing of inventory purchases during the quarter as compared with that of the fourth quarter 2007. Our levels of inventory and accounts payable tend to fluctuate as a result of sourcing products from Asia and due to extended payment terms with certain suppliers.

Cash provided by investing activities was \$9,392,000 during First Half 2008, reflecting sales and maturities of investments totaling \$14,000,000 partially offset by purchases of investments of \$3,100,000, purchases of property and equipment totaling \$1,247,000, and the cost to acquire new patents and patent application filings of \$261,000. Purchases of property and equipment for the period are primarily related to new equipment purchases for newly-launched production programs and approximately \$220,000 in leasehold improvements related to a refurbishment and expansion of our engineering and research center located in Irwindale, California, completed in January 2008.

Cash provided by financing activities was \$940,000 during First Half 2008, reflecting the proceeds of Common Stock option exercises.

Related Party Transactions

We purchase thermoelectric devices from and have outsourced a portion of our production to Ferrotec Corporation ("Ferrotec"). Ferrotec owned 400,000 shares of our Common Stock as of June 30, 2008. Purchases of labor and services and components from Ferrotec were \$15,497,000 during First Half 2008. The Company had an accounts payable balance with Ferrotec of \$4,746,000 as of June 30, 2008 and \$4,879,000 as of December 31, 2007.

New Accounting Pronouncements

Effective January 1, 2008, we adopted Statement of Financial Accounting Standard No. 157, “Fair Value Measurements”, (“SFAS 157”) for financial assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. On November 14, 2007 the FASB agreed to a one-year deferral for the implementation of SFAS 157 for other non-financial assets and liabilities. Our adoption of SFAS 157 did not have a material affect on our consolidated condensed financial statements for financial assets and liabilities and any other assets and liabilities carried at fair value.

In December 2007 the Financial Accounting Standards Board issued Statement of financial Accounting Standard No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51” (“SFAS 160”). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the retained interest in a gain or loss when a subsidiary is deconsolidated. This statement is effective for us starting in 2009. Earlier adoption is prohibited. We are currently evaluating the impact, if any, of SFAS 160 on our operating results and financial position.

Critical Accounting Policies

Critical accounting policies are those accounting policies that management believes are important to the portrayal of our financial condition and results and require management’s most difficult, subjective or complex judgments, as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our 2007 annual report on Form 10-K includes a description of certain critical accounting policies, including those with respect to warranty reserves, allowances for doubtful accounts, deferred tax asset valuation allowance and inventory reserves.

FORWARD LOOKING STATEMENTS

Certain matters discussed or referenced in this report, including expectations 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.

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 or ARPS that hold these types of investments. 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.

Borrowings under our revolving line of credit bear interest at Comerica Bank's prime rate (5.00% at June 30, 2008). As of June 30, 2008, there were no borrowings outstanding under our line of credit.

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. Our long-term investments consist of ARPS which have stated maturities beyond 12 months. The carrying value approximates fair value at June 30, 2008.

<u>Marketable Securities</u>	<u>Carrying Value</u>	<u>Average Rate of Return at June 30, 2008 (Annualized)</u>
Cash equivalents	\$13,343,000	2.46%
Long-term investments	\$13,025,000	3.78%

ITEM 4. CONTROLS AND PROCEDURES

Management, including the Company's President and 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 June 30, 2008. 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 at June 30, 2008.

There was no change in our internal control over financial reporting during our fiscal quarter ended June 30, 2008 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.

Internal control over financial reporting is a process designed by, or under the supervision of, our President & Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors,

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management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors previously disclosed in the Company's Form 10-K for the period ended December 31, 2007. Below are the risk factors applicable to the Company:

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 and we believe that a number of new products have become practical at our current stage of TED advancement, additional improvements are necessary to make TED based products commercially attractive in comparison with other technologies for the major markets in which we are targeting. 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 during the past four years, 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 June 30, 2008, we had accumulated deficits since inception of \$39,444,000. 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 and 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 June 30, 2008, we had cash and cash equivalents of \$13,609,000. Based on our current operating plan, we believe cash at June 30, 2008, along with the proceeds from future revenues and borrowings from our \$20,000,000 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 involves 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 various partners no assurance can be given that our advanced TEDs will be implemented in any related products. To date, CCS is our sole high-volume 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 and market 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 Nogales, Mexico and Nagoya, Japan and three cities in China; Shenzhen, Tianjin and Hangzhou. 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 future commercial 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 or to continue at existing sales volumes.

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

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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 that any new products we develop will take some years before they 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. Competitors are promoting new products that may compete with our CCS product. Additionally, heat only devices are readily available from our competitors at relatively low prices. 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 new or maintaining existing 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, 2007, we owned sixteen U.S. patents and had thirty-four U.S. patents pending and our subsidiary BSST owned nine U.S. patents, one foreign patent and had eleven U.S. patents pending and thirty-two 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-eight foreign patents and had twelve 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. The first of the three licensed patents expires on November 17, 2008. 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 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 materially 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

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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, we have not experienced such a cancellation and no such costs have been incurred.

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, could 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 engaged 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 at amounts we currently consider adequate, there can be no

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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 by our suppliers or customers.

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 quarterly results may fluctuate significantly, and the relatively small average daily trading volume of our Common Stock may adversely affect the 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.

Historically, the average daily trading volume of our Common Stock has been relatively low as compared to the total number of outstanding shares of Common Stock. Without a significantly larger number of shares made available for trading by the public, our Common Stock is less liquid than stocks with more trading activity, and as a result, trading prices of our 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.

Our Board of Directors has the authority to issue up to 4,991,000 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.

ITEM 5. OTHER INFORMATION

On August 8, 2008 the Company established The Executive Nonqualified Defined Benefit Plan of Amerigon Incorporated (the “Plan”) with an effective date of April 1, 2008. A copy of the Plan is attached to this Form 10-Q as Exhibit 10.18. Daniel Coker, the Company’s President and Chief Executive Officer, is expected to be the only participant in the Plan which will, if fully vested, provide for fifteen annual retirement benefit payments of \$300,000 each beginning January 1, 2018. Mr. Coker will become entitled to receive such retirement benefit payments, or a portion thereof, through his continuous service to the Company as follows: Mr. Coker will become proportionally vested in the benefit over a six year period starting on April 1, 2011. The Company has also established a corporate owned life insurance policy (“COLI”) on the life of Oscar Marx III, the Chairman of the Company’s Board of Directors. The COLI will be held by a trust established for payment of benefits under the Plan.

We will account for the Plan in accordance with SFAS 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plan” which requires that the Company record a projected benefit obligation representing the present value of future plan benefits when earned by the participant. As of June 30, 2008 the Company has recorded a pension benefit obligation of \$47,000.

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ITEM 6. EXHIBITS

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)
3.2.1	Bylaws of the Company (1)
3.2.2	First Amendment to Bylaws of the Company (13)
10.1*	1993 Stock Option Plan (3)
10.2.1*	Amended and Restated 1997 Stock Incentive Plan (4)
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*	2006 Equity Incentive Plan (11)
10.3.2*	Amendment to 2006 Equity Incentive Plan (12)
10.3.3*	Second Amendment to 2006 Equity Incentive Plan (13)
10.4.1	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc. (3)
10.4.2	Amendment to Option and License Agreement between the Company and Feher Design dated September 1, 1997 (5)
10.5	Manufacturing and Supply Agreement between the Company and Ferrotec Corporation dated March 28, 2001 (6)
10.6.1*	Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000 (8)
10.6.2*	First Amendment to Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000 (10)
10.7	Employment Agreement between Dr. Lon E. Bell and BSST LLC dated May 30, 2001 (8)
10.8	Revenue Sharing Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000 (8)
10.9.1	Amended and Restated Operating Agreement of BSST LLC dated May 30, 2001 (7)
10.9.2	First Amendment dated November 13, 2001 to Amended and Restated Operating Agreement of BSST LLC (10)
10.9.3	Second Amendment dated June 1, 2005 to Amended and Restated Operating Agreement of BSST LLC (10)
10.9.4	Third Amendment dated May 17, 2007 to Amended and Restated Operating Agreement of BSST LLC (14)
10.10	Cross License Agreement between the Company and BSST LLC dated November 19, 2002 (9)
10.11	Reversionary Rights Agreement between BSST LLC and Dr. Lon E. Bell dated May 17, 2007 (14)
10.12.1	Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank dated as of October 28, 2005 (15)
10.12.2	First Amendment, dated as of February 6, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (16)
10.12.3	Second Amendment, dated as of April 30, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (16)
10.13	Guaranty of BSST LLC in favor of Comerica Bank dated as of April 30, 2008 (16)
10.14	Security Agreement (All Assets) by Amerigon Incorporated in favor of Comerica Bank dated as of October 28, 2005 (15)
10.15	Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of October 28, 2005 (15)
10.16	Security Agreement (All Assets) by BSST LLC in favor of Comerica Bank dated as of November 14, 2002 (15)
10.17	Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of November 14, 2002 (15)
10.18 *	The Executive Nonqualified Defined Benefit Plan of Amerigon Incorporated effective as of April 1, 2008
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

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* 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 Registration Statement on Form SB-2, as amended, File No. 33-61702-LA, and incorporated by reference.
- (4) Previously filed as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A with respect to the Company's 2001 Annual Meeting of Stockholders and incorporated herein by reference.
- (5) 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.
- (6) 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.
- (7) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 18, 1999 and incorporated herein by reference.
- (8) 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.
- (9) 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.
- (10) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 6, 2005 and incorporated herein by reference.
- (11) Previously filed as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A with respect to the Company's 2006 Annual Meeting of Stockholders and incorporated herein by reference
- (12) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2006 and incorporated herein by reference.
- (13) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed March 20, 2007 and incorporated herein by reference.
- (14) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed August 7, 2007 and incorporated herein by reference.
- (15) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed November 1, 2005 and incorporated herein by reference.
- (16) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-K filed May 2, 2008 and incorporated herein by reference.

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
Chief Executive Officer
(Duly Authorized Officer)

Date: August 11, 2008

/S/ BARRY G. STEELE

Barry G. Steele
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: August 11, 2008

**THE EXECUTIVE NONQUALIFIED DEFINED BENEFIT PLAN
PLAN DOCUMENT**

THE EXECUTIVE NONQUALIFIED DEFINED BENEFIT PLAN

Section 1. Purpose:

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein to provide retirement benefits to certain management Employees or Independent Contractors of the Employer. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA") and independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions:

As used in the Plan, including this Section 2, references to one gender shall include the other, and unless otherwise indicated by the context:

2.1 "Accrued Benefit" means the amount of the annual benefit accrued by a Participant as of any date.

2.2 "Active Participant" means an Employee or Independent Contractor who is actively participating in the Plan according to Section 3. An Employee or Independent Contractor shall become a Participant as of any date determined by the Committee. A Participant whose Service with the Employer is terminated and who later returns to Service with the Employer shall be treated as a new Employee or Independent Contractor, as applicable, for purposes of eligibility to participate in the Plan with respect to Service following his return to Service.

2.3 **“Actuarial Equivalent”** means benefits of equal Present Value.

2.4 **“Adoption Agreement”** means the written agreement pursuant to which the Employer adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Employer.

2.5 **“Beneficiary”** means the person or persons entitled to any survivor benefits payable under the Plan, as provided in Section 11.

2.6 **“Benefit Formula”** means the formula used in determining the Accrued Benefit of the Participant as designated in Section 4.2 of the Adoption Agreement.

2.7 **“Board”** means the Board of Directors of the Company, if the Company is a corporation. If the Company is not a corporation, “Board” shall mean the Company.

2.8 **“Change in Control Event”** means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.9 **“Committee”** means the persons or entity designated in the Adoption Agreement to administer the Plan. If the Committee designated in the Adoption Agreement is unable to serve, the Employer shall satisfy the duties of the Committee provided for in Section 7.

2.10 **“Company”** means the company designated in the Adoption Agreement as such.

2.11 **“Disabled”** means Disabled within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or

mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 “Early Retirement Date” means the 1st day of the month on or after the date a Participant has satisfied the criteria for Early Retirement Eligibility.

2.13 “Early Retirement Eligibility” means the criteria described in the Adoption Agreement.

2.14 “Effective Date” shall be the date designated in the Adoption Agreement.

2.15 “Employee” means an individual in the Service of the Employer if the relationship between him and the Employer is the legal relationship of employer and employee and if the individual is one of the select group of management or highly compensated employees of the Employer. An individual shall cease to be an Employee upon the Employee’s separation from Service.

2.16 “Employer” means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.17 “Entry Date” means the date determined by the Committee that a Participant is eligible to participate in the Plan.

2.18 “Grandfathered Amounts” means, if applicable, Plan benefits that were earned and vested as of December 31, 2004 within the meaning of Section 409A of the Code and regulations thereunder. Grandfathered Amounts shall be subject to the terms designated in the Adoption Agreement.

2.19 “Inactive Participant” means a Participant who has an Accrued Benefit and who is not an Active Participant.

2.20 “Independent Contractor” means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor’s service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.21 “Normal Form” means the normal form of benefit distribution as designated by the Employer in Section 6.1 of the Adoption Agreement. Benefits under the Plan may be distributed in the following forms:

2.21.1 Period Certain. An amount payable to the Participant in equal installments for a specified period. If the Participant dies before the end of such period, the benefit will continue for the remainder of the period to the Beneficiary.

2.21.2 Straight Life. An amount payable to the Participant in equal installments for the life of the Participant.

2.21.3 Period Certain and Life. An amount payable to the Participant in equal installments for the longer of a specified period or the life of the Participant. If the Participant should die before the end of the specified period, the benefit will continue for the remainder of the period to the Beneficiary.

2.21.4 Joint and Survivor Life. An amount payable to the Participant in equal installments for the life of the Participant. The amount will continue after the Participant’s death to the Participant’s Surviving Spouse, if any, for the life of the Surviving Spouse in an amount equal to the survivorship percentage multiplied by the amount payable during the life of the Participant.

2.21.5 Lump sum. One payment in cash.

2.22 “Normal Retirement Date” means the date the Participant meets the criteria designated in the Adoption Agreement.

2.23 **“Participant”** means either an Active Participant or an Inactive Participant.

2.24 **“Participating Employer”** means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.25 **“Plan”** means The Executive Nonqualified Defined Benefit Plan as herein set forth or as duly amended. The name of the Plan as applied to the Employer shall be designated in the Adoption Agreement.

2.26 **“Plan-Approved Domestic Relations Order”** shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.26.1 Issued pursuant to a State’s domestic relations law;

2.26.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.26.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant’s benefits under the Plan;

2.26.4 Requires payment to such person of their interest in the Participant’s benefits in an immediate lump payment; and

2.26.5 Meets such other requirements established by the Committee.

2.27 **“Plan Year”** means the twelve-month period ending on the last day of the month designated in the Adoption Agreement; provided that the initial Plan Year may have fewer than twelve months.

2.28 **“Present Value”** means the current value of a benefit that is payable in a specified form on a specified date. The basis for the calculation shall be an interest rate of 7.5% and the 1994 Group Annuity Reserving (GAR) mortality table, as given in Revenue Ruling 2001-62.

2.29 “Qualifying Distribution Event” means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled (if elected in the Adoption Agreement), (iii) the death of the Participant, or (iv) a Change in Control Event (if elected in the Adoption Agreement).

2.30 “Separation from Service” or “Separates from Service” means a “separation from service” within the meaning of Section 409A of the Code.

2.31 “Service” means employment by the Employer as an Employee. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee’s right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, “Service” shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.32 “Specified Employee” means an employee who meets the requirements for key employee treatment under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve-month period ending on December 31 of each year (the “identification date”). Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the Code, the foregoing rules and the other default rules in the

regulations under Section 409A of the Code shall apply. If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date.

2.33 “Spouse” or “Surviving Spouse” means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.34 “Vested Accrued Benefit” means the amount of the Accrued Benefit of a Participant that is nonforfeitable as of any date.

2.35 “Vesting Percentage” means the percentage that is used to determine the Participant’s Vested Accrued Benefit, as described in Section 4.3 of the Adoption Agreement.

Section 3. Participation:

3.1 Active Participation. The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. An Employee or Independent Contractor shall become an Active Participant as of any date determined by the Committee. Such date shall be the Participant’s Entry Date.

3.2 Inactive Participation. An Active Participant shall become an Inactive Participant upon the earliest Qualifying Distribution Event or a determination by the Committee that the Participant is no longer eligible to accrue future benefits under the Plan.

3.3 Inactive Participant’s Vested Accrued Benefit. An Inactive Participant’s Vested Accrued Benefit is that Vested Accrued Benefit on the date he ceases to be an Active Participant.

3.4 Ceasing Participation. An Inactive Participant ceases to be a Participant on the date he is no longer entitled to future benefit payments.

Section 4. Amount of Benefit:

4.1 Amount of Accrued Benefit. A Participant's Accrued Benefit shall be determined in accordance with the Benefit Formula described in Section 4.2. The Accrued Benefit of a Participant can never be less than zero.

4.2 Benefit Formula. The Benefit Formula shall be designated by the Employer in the Adoption Agreement.

4.3 Vesting Percentage. A Participant's Vested Accrued Benefit shall be equal to the Accrued Benefit multiplied by the Vesting Percentage. The applicable Vesting Percentage is determined by the schedule designated in the Adoption Agreement. The Vested Accrued Benefit of a Participant can never be less than zero.

4.4 Adjustment to the Benefit Amount. The Accrued Benefit and the Vested Accrued Benefit shall be adjusted for the form of benefit payment and the time of benefit payment as provided in Section 6. The adjustments shall be applied in the following order: First, the annual benefit amount shall be adjusted for the benefit payment frequency as provided in Section 6.7. Second, an Actuarial Equivalent adjustment shall be made for the form of payment, as provided in Section 6.1 and 6.2. Third, an adjustment shall be made if a Participant's Plan benefits begin to be paid before the Participant's Normal Retirement Date, as provided in Section 6.6.

4.5 Forfeiture. If a Participant separates from Service before he is fully vested in his Accrued Benefit, he shall thereupon forfeit his right to receive such benefit under this Plan to the extent he is not then vested.

Section 5. Qualifying Distribution Events:

Payment to a Participant shall commence upon the first Qualifying Distribution

Event to occur as to the Participant: a Separation from Service, death, or, if elected in the Adoption Agreement, becoming Disabled or a Change in Control Event. Any of these events that occurs after the first Qualifying Distribution Event to occur shall have no effect on the time or form of distribution of Plan benefits.

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the Vested Accrued Benefit, as of the date of separation, shall be paid to the Participant by the Employer as provided in Section 6. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service with respect to a Participant who, as of the date of his Separation from Service, is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated without interest and paid on the first day of the seventh month following the date of Separation from Service.

5.2 Disability. The Employer designates in the Adoption Agreement whether (i) a Participant's becoming Disabled shall not be a Qualifying Distribution Event, (ii) a Participant's becoming Disabled shall be a Qualifying Distribution Event, or (iii) a Participant's becoming Disabled may be a Qualifying Distribution Event if a Participant timely and affirmatively elects upon his initial enrollment to make becoming Disabled an applicable Qualifying Distribution Event for his benefit. If becoming Disabled is a Qualifying Distribution Event for a Participant and the Participant becomes Disabled, the Vested Accrued Benefit, as of the date of the Participant's becoming Disabled, shall be paid to the Participant by the Employer as provided in Section 6.

5.3 Death. If the Participant dies, the Participant's Vested Accrued Benefit, as of the date of death, shall be paid to the Participant by the Employer as provided in Section 6.

5.4 Change in Control Event. The Employer designates in the Adoption Agreement whether (i) a Change in Control Event shall not be a Qualifying Distribution Event, (ii) a Change in Control Event shall be a Qualifying Distribution Event, or (iii) a Change in Control Event may be a Qualifying Distribution Event if a Participant timely and affirmatively elects upon his initial enrollment to make a Change in Control Event an applicable Qualifying Distribution Event for his benefit. If a Change in Control Event is a Qualifying Distribution Event for a Participant and the Change in Control Event occurs, the Vested Accrued Benefit, as of the date of the Change in Control Event, shall be paid to the Participant by the Employer as provided in Section 6.

5.5 No Duplicate Benefits. The benefit payments in this Section 5 are alternative benefits. By accepting the benefits pursuant to any one of the subsections of Section 5, the Participant shall forfeit any rights under any other of the subsections of Section 5.

Section 6. Payment of Benefits:

6.1 Normal Form of Benefit Distribution. Unless an optional form of benefit is elected by the Participant in accordance with Section 6.2, all benefits shall be payable in the Normal Form designated for each Qualifying Distribution Event by the Employer in the Adoption Agreement. Notwithstanding the foregoing, if the Normal Form is a joint and survivor annuity but the Participant is not married at the time his benefit payment commences, his Vested Accrued Benefit shall be payable in the form of a straight life annuity on an Actuarial Equivalent basis.

6.2 Optional Form of Benefit Distribution. The Employer shall designate in the Adoption Agreement the optional forms of benefit distribution for each Qualifying Distribution Event, if any, which may be elected by the Participant. In lieu of the Normal Form described in Section 6.1, and subject to the Election Procedures under Section 6.3, the Participant may elect an optional form of benefit distribution from among the designated payment options. Payment shall be made in the manner elected by the Participant. The Participant may elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. Any optional form elected shall be the Actuarial Equivalent of the Normal Form.

6.3 Election Procedures. Prior to the Participant's entry into the Plan, the Participant shall elect the form of payment under which his benefit will be distributed from among the available optional forms of payment to the extent permitted in the Adoption Agreement. If the Participant elects to receive his benefit in the form of a joint and survivor annuity but is not married at the time his benefit payment commences, his Vested Accrued Benefit shall be paid in the form of a straight life annuity on an Actuarial Equivalent basis. If the Participant fails to elect a form of payment as provided for in this Section 6.3, the Participant's Vested Accrued Benefit shall be paid to him in the Normal Form.

6.4 Subsequent Elections. With the consent of the Committee, a Participant may change the time or form of benefit payment subject to the following requirements:

6.4.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

6.4.2 If the new election relates to a payment for reasons other than the death of the Participant or the Participant becoming Disabled, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

For this purpose, a payment is each separately identified amount to which a Participant is entitled

under the Plan; provided, that entitlement to a life annuity (including a straight life or joint and survivor annuity) or installments for a period certain is treated as entitlement to a single payment. Notwithstanding the foregoing, a change in the form of payment from one type of life annuity to another type of life annuity before any annuity payment has been made is not considered a change in the time or form of payment under Section 409A of the Code and so such a change is not subject to the requirements of this Section 6.4.

6.5 Commencement of Benefits. Benefit payments will commence as soon as practicable after (but no later than 60 days after) the commencement dates designated in the Adoption Agreement for each Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

6.6 Adjustment Before Normal Retirement Date. If a Participant's Plan benefits begin to be paid before the Participant's Normal Retirement Date, the amount of the benefit shall be adjusted as designated in the Adoption Agreement.

6.7 Frequency of Benefit Payments. The benefit payments shall be paid on the frequency designated in the Adoption Agreement. Payments on a monthly basis shall be one-twelfth of the annual benefit amount, and payments on a quarterly basis shall be one-fourth of the annual benefit amount.

6.8 De Minimis Amounts. Notwithstanding any payment election made by the Participant, the Present Value of the Vested Accrued Benefit of the Participant (including the adjustments in Section 4.4) at the time of a permitted Qualifying Distribution Event will be distributed in a single lump sum payment if such Present Value does not exceed the amount designated by the Employer in the Adoption Agreement. Such payment shall be made on or

before the later of (i) December 31 of the calendar year in which the permitted Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the permitted Qualifying Distribution Event occurs. In addition, the Employer may distribute a single lump sum payment equal to the Present Value of a Participant's Vested Accrued Benefit at anytime if the amount does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code. For this purpose, the Vested Accrued Benefit is determined as if the Participant had Separated from Service on such date and includes the adjustments in Sections 4.4.

6.9 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

Section 7. Administration by Committee:

7.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the Board.

7.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any

such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including employees of the Employer, such administrative or other duties as it sees fit.

7.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section 8. Contractual Liability:

8.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company, such right shall be no greater than the right of an unsecured creditor of the Company.

8.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

Section 9. Allocation of Responsibilities:

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

9.1 Board.

- (i) To amend the Plan;
- (ii) To appoint and remove members of the Committee; and
- (iii) To terminate the Plan as permitted in Section 12.

9.2 Committee.

- (i) To designate Participants;
- (ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 14 relating to claims procedure;
- (iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;
- (iv) To account for the Accrued Benefits of Participants;
- (v) To direct the Employer in the payment of benefits;

- (vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and
- (vii) To administer the claims procedure to the extent provided in Section 14.

Section 10. Benefits Not Assignable; Facility of Payments:

10.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for his debts, contracts, liabilities, engagements or torts. Notwithstanding the foregoing, in the event that all or any portion of the benefit of a Participant is transferred to the former Spouse of the Participant incident to a divorce, the Committee shall maintain such amount for the benefit of the former Spouse until distributed in the manner required by an order of any court having jurisdiction over the divorce, and the former Spouse shall be entitled to the same rights as the Participant with respect to such benefit.

10.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan-Approved Domestic Relations Order. If the Committee determines that an order is a Plan-Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to (and prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order.

10.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 11. Beneficiary:

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be his Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due him, the remaining payments to which he is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current beneficiary designation form. If there is no contingent Beneficiary, the remaining payments shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

Section 12. Amendment and Termination of the Plan:

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the Participant's Accrued Benefit as of the date of such amendment or termination, nor shall any such amendment or termination affect the terms of the Plan relating to the payment of such benefit. For the purpose of this section, the Accrued Benefit on the date of termination is determined as if the Participant had Separated from Service on such date and includes any adjustments in Section 4.4. Notwithstanding the foregoing, the following special provisions shall apply:

12.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 12.2, the Company in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements and any others specified under Section 409A of the Code:

12.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

12.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

12.1.3 All benefits under the Plan are paid within 24 months of the termination date.

12.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

12.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

12.2 Termination Upon Change in Control Event. If the Company terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the

Accrued Benefit of each Participant shall become fully vested and payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code.

Section 13. Communication to Participants:

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

Section 14. Claims Procedure:

The following claims procedure shall apply with respect to the Plan:

14.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the “claimant”) believes that he is entitled to benefits under the Plan which are not being paid to him or which are not being accrued for his benefit, he shall file a written claim therefore with the Committee.

14.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information

necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review. Notwithstanding the foregoing, if the claim relates to a disability determination, the Committee shall notify the claimant of the decision within 45 days (which may be extended for an additional 30 days if required by special circumstances).

14.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

14.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

14.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. Notwithstanding the foregoing, if the claim relates to a disability determination, the Committee shall notify the claimant of the decision within 45 days (which may be extended for an additional 45 days if required by special circumstances).

14.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

- (i) the specific reason or reasons for the adverse determination;

- (ii) specific reference to pertinent Plan provisions on which the adverse determination is based;
- (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
- (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

14.4.3 The decision of the Committee shall be final and conclusive.

14.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 14 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by him to act in his behalf on such matters. The Committee may require such evidence as either may reasonably deem necessary or advisable of the authority to act of any such representative.

Section 15. Miscellaneous Provisions:

15.1 Set off. Notwithstanding any other provision of this Plan, the Employer may reduce the amount of any payment otherwise payable to or on behalf of a Participant hereunder (net of any required withholdings) at the time payment is due by the amount of any loan, cash advance, extension of credit or other obligation of the Participant to the Employer that is then due and payable, and the Participant shall be deemed to have consented to such reduction. In addition, the Employer may at any time offset a Participant's Accrued Benefit by an amount up to \$5,000 to collect any such amount in accordance with requirements under Section 409A of the Code.

15.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the

mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or Beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

15.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due on or before the fifth anniversary of the date payment is to be made or commence; provided, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

15.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

15.5 Receipt and Release for Payments. Subject to the provisions of Section 15.1, any payment made from the Plan to or with respect to any Participant or Beneficiary, or pursuant to a disclaimer by a Beneficiary, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Plan and the Employer with respect to the Plan. The recipient of any payment from the Plan may be required by the Committee, as a condition precedent to such payment, to execute a receipt and release with respect thereto in such form as shall be acceptable to the Committee.

15.6 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

15.7 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal with him without regard to the effect thereof under the Plan.

15.8 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

15.9 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

15.10 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's benefits, in order to meet any federal, state, local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

Section 16. Transition Rules:

This Section 16 does not apply to plans newly established on or after January 1, 2009.

16.1 Payment Elections. Notwithstanding the provisions of Sections 6.3 or 6.4 of the Plan, a Participant may elect on or before December 31, 2008, the time or form of payment of amounts subject to Section 409A of the Code provided that such election applies only to amounts that would not otherwise be payable in the year of the election and does not cause an amount to be paid in the year of the election that would not otherwise be payable in such year.

NOTE: Execution of this Adoption Agreement creates a legal liability of the Employer with significant tax consequences to the Employer and Participants. The Employer should obtain legal and tax advice from its professional advisors before adopting the Plan. Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement.

Principal Life Insurance Company, Raleigh, NC 27612
A member of the Principal Financial Group®

THE EXECUTIVE NONQUALIFIED DEFINED BENEFIT PLAN

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **Amerigon Incorporated** (the "Company") of the Executive Nonqualified Defined Benefit Plan ("Plan").

WITNESSETH:

WHEREAS, the Company desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder and shall apply to amounts subject to section 409A; and

WHEREAS, the Company has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan,

NOW, THEREFORE, the Company hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization, and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.9 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

- (a) Company
- (b) The administrative committee appointed by the Board to serve at the pleasure of the Board.
- (c) Board.
- (d) Other (specify): _____.

2.13 Early Retirement Eligibility:

- (a) The Employer does not permit early retirement.
- (b) The Employer does permit early retirement. "Early Retirement Eligibility" shall mean:
 - (i) Attaining age _____.
 - (ii) Completing _____ years of Service.
 - (iii) The later of
 - a. Attaining age _____, or
 - b. Completing _____ years of Service.

For purposes of Early Retirement Eligibility, "years of Service" shall mean:

- (a) the elapsed period of time beginning on the date the Participant first enters Service with the Employer and ending on the date the Participant becomes an Inactive Participant.
- (b) the elapsed period of time beginning on the Entry Date of the Participant into the Plan and ending on the date the Participant becomes an Inactive Participant.
- (c) Other: _____.

2.14 Effective Date:

- (a) This is a newly-established Plan, and the Effective Date of the Plan is **April 1, 2008**.
- (b) This is an amendment and restatement of a plan named _____ with an effective date of _____. The Effective Date of this amended and restated Plan is _____. This is amendment number _____.
 - (i) All Plan benefits shall be subject to the provisions of this amended and restated Plan.
 - (ii) Any Grandfathered Amounts shall be subject to the Plan rules in effect on October 3, 2004.

2.22 Normal Retirement Date: The “Normal Retirement Date” of a Participant shall be the 1st day of the month on or next following:

- (a) Attaining age 65.
- (b) The later of
 - i. Attaining age _____, or
 - ii. Completing _____ years of Service.

For purposes of the Normal Retirement Date, “years of Service” shall mean:

- (a) the elapsed period of time beginning on the date the Participant first enters Service with the Employer and ending on the date the Participant becomes an Inactive Participant.
- (b) the elapsed period of time beginning on the Entry Date of the Participant into the Plan and ending on the date the Participant becomes an Inactive Participant.
- (c) Other: _____.

2.24 Participating Employer: As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

<u>Name of Employer</u>	<u>Address</u>	<u>Telephone No.</u>	<u>EIN</u>
Amerigon Incorporated	21680 Haggerty Road, Suite 101 Northville, MI 48167	248-507-0500	95-4318554

2.25 Plan: The name of the “Plan” as applied to the Employer is

The Executive Nonqualified Defined Benefit Plan of Amerigon Incorporated.

2.27 Plan Year: The “Plan Year” shall end on the last day of the month of **December**.

4.2 Benefit Formula:

If the Qualifying Distribution Event is Separation from Service or reaching the in-service date of January 1, 2018 while still in service, the Participant’s Accrued Benefit is an amount of \$300,000 paid annually.

If the Qualifying Distribution Event is the Participant’s Death or becoming Disabled, the Accrued Benefit is the amount in Section 6 based on the Participant’s election.

4.3 Vesting Percentage: An Active Participant shall be fully vested in the Accrued Benefit upon the first to occur of the following:

- (a) Normal Retirement Date.
- (b) Death.
- (c) Becoming Disabled.
- (d) Change in Control.
- (e) Other: **See Exhibit A.**
- (f) Satisfaction of the vesting requirements as specified below:
 - (i) Immediate 100% vesting.
 - (ii) 100% vesting after _____ completed whole years of Service. Before such time, the Vesting Percentage shall be 0%.
 - (iii) 100% vesting upon reaching age _____. Before such time, the Vesting Percentage shall be 0%.
 - (iv)

<u>Completed Years of Service</u>	<u>Vesting Percentage</u>
Less than 3 Years	0%
3 Years	14%
4 Years	29%
5 Years	43%
6 Years	57%
7 Years	71%
8 Years	86%
9 or more Years	100%

(v) Other: _____.

For purposes of the Vesting Percentage, "years of Service" shall mean:

- (a) the elapsed period of time beginning on the date the Participant first enters Service with the Employer and ending on the date the Participant becomes an Inactive Participant.

___ (b) the elapsed period of time beginning on the Entry Date of the Participant into the Plan and ending on the date the Participant becomes an Inactive Participant.

XX (c) Other: the elapsed period of time beginning on April 1, 2008 and ending on the date the Participant becomes an Inactive Participant.

5.2 Disability of a Participant:

___ (a) A Participant becoming Disabled shall not be a Qualifying Distribution Event.

XX (b) A Participant's becoming Disabled shall be a Qualifying Distribution Event. A Participant shall have no election as to whether a Qualifying Distribution Event attributable to becoming Disabled will apply to the distribution of such Participant's Vested Accrued Benefit.

___ (c) A Participant's becoming Disabled may be a Qualifying Distribution Event. A Participant may elect upon initial enrollment whether a Qualifying Distribution Event attributable to becoming Disabled will apply to the distribution of such Participant's Vested Accrued Benefit.

5.4 Change in Control Event:

XX (a) A Change in Control Event shall not be a Qualifying Distribution Event.

___ (b) A Change in Control Event shall be a Qualifying Distribution Event. A Participant shall have no election as to whether a Qualifying Distribution Event attributable to a Change in Control Event will apply to the distribution of such Participant's Vested Accrued Benefit.

___ (c) A Change in Control Event may be a Qualifying Distribution Event. A Participant may elect upon initial enrollment whether a Qualifying Distribution Event attributable to a Change in Control Event will apply to the distribution of such Participant's Vested Accrued Benefit.

6.1 Normal Form of Payment: The Normal Form of benefit distribution for each Qualifying Distribution Event shall be as follows:

- (a) Separation from Service on or after the Early Retirement Date
(or Separation from Service on or after the Normal Retirement Date if early retirement is not permitted).

(i) Payments on a 15-Year Period Certain basis.

(ii) Other: _____.

- (b) Separation from Service prior to the Early Retirement Date
(or Separation from Service prior to the Normal Retirement Date if early retirement is not permitted).

(i) Payments on a 15-Year Period Certain basis.

(ii) One Lump Sum payment.

The lump sum payment is the Actuarial Equivalent of the Vested Accrued Benefit payable in the Normal Form selected in subsection (a) above for "Separation from Service on or after the Early Retirement Date."

(iii) Other: _____.

- (c) Death

(i) Payments on a _____ -Year Period Certain basis.

(ii) One Lump Sum payment.

The lump sum payment is the Actuarial Equivalent of the Vested Accrued Benefit payable in the Normal Form selected in subsection (a) above for "Separation from Service on or after the Early Retirement Date."

(iii) Other: **One Lump Sum payment as shown in Exhibit A, Section 6.2.**

- (d) Disabled (if elected)

(i) Payments on a _____ -Year Period Certain basis.

(ii) One Lump Sum payment.

The lump sum payment is the Actuarial Equivalent of the Vested Accrued Benefit payable in the Normal Form selected in subsection (a) above for "Separation from Service on or after the Early Retirement Date."

(iii) Other: _____.

(iv) Other: **One Lump Sum payment as shown in Exhibit A, Section 6.2.**

- (e) Change in Control Event (if elected)

(i) Payments on a _____ -Year Period Certain basis.

(ii) One Lump Sum payment.

The lump sum payment is the Actuarial Equivalent of the Vested Accrued Benefit payable in the Normal Form selected in subsection (a) above for "Separation from Service on or after the Early Retirement Date."

(iii) Other: _____.

(iv) Not Applicable.

6.2 Optional Form of Payment:

See Exhibit A

6.5 Commencement of Benefits: Benefit payments will commence as of the following dates upon the occurrence of a Qualifying Distribution Event.

- (a) Separation from Service on or after the Early Retirement Date
(or Separation from Service on or after the Normal Retirement Date if early retirement is not permitted).
- ___ (i) The 1st day of the month on or next following the date of the Participant's Separation from Service.
- XX** (ii) Other: **January 1, 2018.**
- (b) Separation from Service prior to the Early Retirement Date
(or Separation from Service prior to the Normal Retirement Date if early retirement is not permitted).
- ___ (i) The Normal Retirement Date.
- ___ (ii) The 1st day of the month on or next following the date of the Participant's Separation from Service.
- XX** (iii) Other: **January 1, 2018.**
- (c) Death
- ___ (i) The Normal Retirement Date.
- ___ (ii) The 1st day of the month on or next following the date of the Participant's death.
- XX** (iii) Other: **The 1st day of next calendar year following the date of the Participant's death.**
- (d) Disabled (if elected)
- ___ (i) The Normal Retirement Date.
- ___ (ii) The 1st day of the month on or next following the date on which the Participant becomes Disabled.
- XX** (iii) Other: **The 1st day of the next calendar year following the date on which the Participant becomes Disabled.**
- ___ (iv) Not applicable.
- (e) Change in Control Event (if elected)
- ___ (i) The 1st day of the month on or next following the date of the Change in Control Event.
- ___ (ii) Other: _____.
- XX** (iii) Not applicable.

6.6 Adjustment for Benefits Paid Before the Normal Retirement Date: If any Plan benefit is payable before the Normal Retirement Date of the Participant, the amount of the Plan benefit shall be adjusted as follows, to the extent applicable:

- (a) The Vested Accrued Benefit shall be reduced by a discount factor of 6% per year for each year that the commencement of payment precedes the Normal Retirement Date. The factors shall be prorated for a partial year, counting a partial month as a complete month. The factors shall be rounded to four decimal places.
- (b) The Vested Accrued Benefit shall be reduced based on the actuarial assumptions listed in the Present Value definition for the elapsed time that the commencement of payment precedes the Normal Retirement Date.
- (c) The Vested Accrued Benefit shall not be adjusted.
- (d) Other: **Not Applicable**.

6.7 Benefit Frequency: The benefit shall be paid on the following basis:

- (a) Annually.
- (b) Quarterly.
- (c) Monthly.

6.8 De Minimis Amounts.

- (a) Notwithstanding any payment election made by the Participant, the Present Value of the Vested Accrued Benefit will be distributed in a single lump sum payment at the time designated under the Plan if at the time of a permitted Qualifying Distribution Event such Present Value does not exceed \$_____. In addition, the Employer may distribute the Present Value of a Participant's Vested Accrued Benefit at any time if the benefit does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.
- (b) There shall be no pre-determined de minimis amount under the Plan; however, the Employer may distribute the Present Value of a Participant's Vested Accrued Benefit in a single lump sum payment at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.

8.1 Contractual Liability: Liability for payments under the Plan shall be the responsibility of the:

- (a) Company.
- (b) Employer or Participating Employer who employed the Participant when amounts were deferred.

12. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, **Sections 4.3, 4.5, 5.6, 6.1, 6.2, 6.5, 8.3 and 12.1** of the Plan shall be amended to read as provided in attached **Exhibit A**.

15.9 Construction: The provisions of the Plan shall be construed and enforced according to the laws of the State of **Michigan** except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year above stated.

Amerigon Incorporated

Name of Employer

By: _____

Authorized Person

Date: _____

**EXHIBIT A TO THE
EXECUTIVE NONQUALIFIED DEFINED BENEFIT
PLAN OF AMERIGON INCORPORATED**

This Exhibit A amends the Plan Document and the Adoption Agreement for the Executive Nonqualified Defined Benefit Plan (the “Plan”) adopted by Amerigon Incorporated (the “Company” and the “Employer”) for Daniel R. Coker (the “Participant”), and is incorporated into the Plan pursuant to Section 12 of the Plan’s Adoption Agreement. This Exhibit A amends the Plan as follows:

A. Section 4.3(d) of the Adoption Agreement is elected and reads as follows:

“(d) Other: A change in the Participant’s employment circumstances, which change shall be deemed to have occurred upon the initial existence of one or more of the following conditions arising without the Participant’s consent, and subject to the notice and remedy provisions below:

1. A material diminution in the Participant’s authority, duties or responsibilities at the Employer.
2. A material diminution in the Participant’s base compensation with the Employer.
3. A material change in the geographic location at which the Participant must perform his services for the Employer.
4. A material diminution in the budget at the Employer over which the Participant retains authority.
5. Any other action or inaction that constitutes a material breach by the Employer of any employment agreement the Participant has with the Employer.

The Participant shall provide written notice to the Employer of the existence of any one or more of these conditions within 60 days of the initial condition of any such condition. The Employer will then have 60 days during which it may remedy the condition(s).”

B. Section 4.5 of the Plan Document is amended to read as follows:

4.5 Forfeiture. Except as otherwise provided below in this Section 4.5 as regards ‘Competition Activities’, the obligation of the Employer to commence or, if applicable, to continue payment of any benefits under the Plan will cease and all or any remaining payments of the Participant’s Accrued Benefit, as the case may be, will be forfeited by the Participant if any of the following occur at any time before, at or after the Participant’s Separation from Service:

4.5.1 The Participant Separates from Service before he is fully vested in his Accrued Benefit, but the forfeiture of the Participant’s Accrued Benefit will only be to the extent the Participant is not then vested in his Accrued Benefit.

4.5.2 The Participant breaches any restrictive covenants concerning his non-competition, non-solicitation of Employer (or Employer affiliate) customers or prospective customers or prior customers, and/or non-solicitation of Employer (or Employer affiliate) employees or former Employer (or Employer affiliate) employees, under any contract between the Participant and the Employer or under any Employer policy in existence on the date of the Participant’s Separation from Service with the Employer and its affiliates.

4.5.3 If during the three-year period immediately following such Separation from Service, the Participant (i) directly or indirectly solicits any current or former customer of the Employer (or Employer affiliate) for the purpose of providing any goods or services the same as or similar in any way to any type of good or service offered by the Employer (or Employer affiliate) at any time; (ii) directly or indirectly solicits, recruits or induces any current or former employee of the

Employer (or Employer affiliate) to terminate his or her employment relationship with the Employer (or Employer affiliate), if then a current employee, and to provide any type of good or service offered by the Employer (or Employer affiliate) at any time to any current or former customer of the Employer on behalf of the Participant or any third party; or (iii) on his own behalf, or on behalf of any third party in the business of providing goods or services that are the same as or similar to the goods and services provided by the Employer (or Employer affiliate) to any third party, engages in or performs within a two hundred-mile radius of the Employer's offices at which the Participant was primarily located immediately prior to the effective date of such Separation from Service services that are substantially similar to the services that the Participant performed for the Employer at any time during his Employer employment. Any of these activities is a 'Competition Activity.'

Upon the advance written request of the Participant, the Employer's Board of Directors, may, in its discretion, permit the Participant to engage in a Competition Activity, subject to such further information regarding the Competition Activity and terms that the Employer's Board of Directors may require.

4.5.4 If the Participant Separates from Service with the Employer and its affiliates as a result of, or in connection with: (i) the Participant's insubordination; (ii) the Participant's breach of any employment agreement he has with the Employer; (iii) any act or omission by the Participant which is, or is likely to be, injurious to the Employer and its affiliates or the business reputation of the Employer and its affiliates, (iv) the Participant's dishonesty, fraud, malfeasance, negligence or misconduct; (v) the Participant's failure to satisfactorily perform his duties, to follow the direction (consistent with his duties) of the Employer's President or the Employer's Board of Directors or any other individual to whom the Participant reports, or to follow the policies, procedures, and rules of the Employer and its affiliates; or (vi) the Participant's conviction of, or the Participant's entry of a plea of guilty or no contest to, a felony or crime involving moral turpitude (any of the foregoing referred to herein as 'Cause'); provided, further, that if the Employer's Board of Directors determines that Cause existed prior to the payment of any portion of the Participant's Accrued Benefit, then the Participant will return to the Employer all payments previously made under this Plan within 30 days of the Employer's Board of Directors determination.

C. Section 5 of the Plan is amended by the addition of the following at the end of the Section:

5.6 In-Service at January 1, 2018. Notwithstanding the preceding provisions of this Section 5, A Participant reaching January 1, 2018, without regard to whether such Participant remains employed by the Employer, shall be a Qualifying Distribution Event and paid the Vested Accrued Benefit.

D. **Section 6.1 Normal Form of Payment:**

Section 6.1 of the Plan is amended by the addition of the following:

(f) In-Service at January 1, 2018: The Normal form of benefit distribution shall be Payment on a 15-year Period Certain basis.

E. **Section 6.2 Optional Form of Payment:**

Section 6.2 of the Plan is amended by the addition of the following:

(a) Separation from Service on or after the Normal Retirement Date: The Employer does not permit optional forms. Benefits are distributed according to the Normal Form.

(b) Separation from Service prior to the Normal Retirement Date: The Employer does not permit optional forms. Benefits are distributed according to the Normal Form.

(c) Death

In the event of the Participant's Death prior to Separation from Service, the Benefit will be paid as defined in the following table according to the Participant's election:

<u>Date of Death</u>			<u>Benefit Option</u>	
			<u>Lump Sum</u>	<u>10 Year Period Certain</u>
January 1, 2008	through	December 31, 2008	\$ 0.00	\$ 0.00
January 1, 2009	through	December 31, 2009	\$ 233,879	\$ 31,028
January 1, 2010	through	December 31, 2010	\$ 480,621	\$ 63,763
January 1, 2011	through	December 31, 2011	\$ 740,934	\$ 98,298
January 1, 2012	through	December 31, 2012	\$1,015,565	\$ 134,733
January 1, 2013	through	December 31, 2013	\$1,305,300	\$ 173,171
January 1, 2014	through	December 31, 2014	\$1,610,970	\$ 213,724
January 1, 2015	through	December 31, 2015	\$1,933,452	\$ 256,507
January 1, 2016	through	December 31, 2016	\$2,273,671	\$ 301,643
January 1, 2017	through	December 31, 2017	\$2,632,602	\$ 349,261

(d) Disabled:

In the event of the Participant's Disability prior to Separation from Service, the Benefit will be paid as defined in the following table according to the Participant's election:

<u>Date of Disability</u>			<u>Benefit Option</u>	
			<u>Lump Sum</u>	<u>10 Year Period Certain</u>
January 1, 2008	through	December 31, 2008	\$ 0.00	\$ 0.00
January 1, 2009	through	December 31, 2009	\$ 233,879	\$ 31,028
January 1, 2010	through	December 31, 2010	\$ 480,621	\$ 63,763
January 1, 2011	through	December 31, 2011	\$ 740,934	\$ 98,298
January 1, 2012	through	December 31, 2012	\$1,015,565	\$ 134,733
January 1, 2013	through	December 31, 2013	\$1,305,300	\$ 173,171
January 1, 2014	through	December 31, 2014	\$1,610,970	\$ 213,724
January 1, 2015	through	December 31, 2015	\$1,933,452	\$ 256,507
January 1, 2016	through	December 31, 2016	\$2,273,671	\$ 301,643
January 1, 2017	through	December 31, 2017	\$2,632,602	\$ 349,261

(e) Change in Control Event (if elected): Not Applicable.

(f) In-Service at January 1, 2018: The Employer does not permit optional forms. Benefits are distributed according to the Normal Form.

F. **Section 6.5 Commencement of Benefits:**

Add the following:

(f) In-Service at January 1, 2018: Benefits will commence on January 1, 2018.

G. A new Section 8.3 is added to the Plan, reading as follows:

"8.3 Agreement to Pay Premiums. The Employer shall timely pay all premiums on any Employer-owned life insurance policy (e.g., a 'COLI' policy) purchased to assist it in meeting its obligations under the Plan, including any such policy held in a trust established under Section 8.2, and the Employer shall continue to maintain such policy unless and until the Employer's

obligations under the Plan have been satisfied or shall be satisfied by the immediate use of the monies realized from the disposition of such policy; provided, however, that such policy shall at all times remain the sole property of the Employer and shall be subject to the claims of the general creditors of the Employer under federal and state law.”

H. Section 12.1 of the Plan is amended by the addition of the following sentence at the end of the Section:

“Notwithstanding the preceding provisions of this Section 12, all benefits payable upon termination of the Plan may, at the Employer’s election, be paid in a single lump sum, in accordance with the rules set forth at Section 1.409A-3(j)(ix) of the Treasury Regulations.”

IN WITNESS WHEREOF, this Exhibit A to the Plan has been executed as of the day and year set forth below, to be effective concurrent with the initial effective date of the Plan.

Amerigon Incorporated

By: _____
Authorized Person
Date: _____

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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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 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 issuer's auditors and the audit committee of the issuer'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.

Date: August 11, 2008

/s/ Daniel R. Coker

Daniel R. Coker

President & Chief Executive Officer

CHIEF FINANCIAL OFFICER'S CERTIFICATION

I, Barry G. Steele, 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) 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
 - (d) 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 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 issuer's auditors and the audit committee of the issuer'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.

Date: August 11, 2008

/s/ Barry G. Steele

Barry G. Steele

Chief Financial Officer

**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, 2008, 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 and Chief Executive Officer
August 11, 2008

**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, 2008, 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
August 11, 2008