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**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 March 31, 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)

**95-4318554**

(I.R.S. Employer Identification No.)

**21680 Haggerty Road, Ste. 101, Northville, MI**

(Address of principal executive offices)

**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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

At April 30, 2008, the registrant had 22,137,035 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)

	March 31, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
Current Assets:		
Cash & cash equivalents	\$ 2,563	\$ 1,170
Short-term investments	1,150	23,925
Accounts receivable, less allowance of \$400 and \$542, respectively	12,766	11,672
Inventory:		
Raw materials	168	329
Finished goods	3,002	1,890
Inventory	3,170	2,219
Deferred income tax assets	3,935	3,784
Prepaid expenses and other assets	737	595
Total current assets	24,321	43,365
Property and equipment, net	4,524	3,965
Long-term investments	22,025	—
Deferred financing costs	8	9
Patent costs, net of accumulated amortization of \$164 and \$121, respectively	2,789	2,679
Deferred income tax assets	5,069	5,968
Total assets	<u>\$ 58,736</u>	<u>\$ 55,986</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 9,799	\$ 8,640
Accrued liabilities	3,210	3,987
Deferred manufacturing agreement – current portion	200	200
Total current liabilities	13,209	12,827
Deferred manufacturing agreement – long-term portion	400	450
Total liabilities	13,609	13,277
Shareholders' equity:		
Common Stock:		
No par value; 30,000,000 shares authorized, 22,127,035 and 21,917,733 issued and outstanding at March 31, 2008 and December 31, 2007, respectively	63,847	63,028
Paid-in capital	21,983	21,766
Accumulated other comprehensive income – foreign currency	(5)	(16)
Accumulated deficit	(40,698)	(42,069)
Total shareholders' equity	45,127	42,709
Total liabilities and shareholders' equity	<u>\$ 58,736</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	
	March 31,	
	2008	2007
Product revenues	\$17,360	\$16,273
Cost of sales	11,801	11,059
Gross margin	5,559	5,214
Operating expenses:		
Research and development	2,399	1,727
Research and development reimbursements	(809)	(584)
Net research and development expenses	1,590	1,143
Selling, general and administrative	2,127	2,153
Total operating expenses	3,717	3,296
Operating income	1,842	1,918
Interest income	297	186
Other income	52	50
Earnings before income tax	2,191	2,154
Income tax expense	820	860
Net income	<u>\$ 1,371</u>	<u>\$ 1,294</u>
Basic earnings per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>
Diluted earnings per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>
Weighted average number of shares – basic	<u>22,004</u>	<u>21,390</u>
Weighted average number of shares – diluted	<u>22,784</u>	<u>22,363</u>

See accompanying notes to the consolidated condensed financial statements.

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

	Three Months Ended	
	March 31,	
	2008	2007
<b>Operating Activities:</b>		
Net income	\$ 1,371	\$ 1,294
Adjustments to reconcile net income to cash provided by operating activities:		
Deferred tax provision	748	817
Stock option compensation	217	218
Depreciation and amortization	307	119
Changes in operating assets and liabilities:		
Accounts receivable	(1,094)	(1,417)
Inventory	(951)	2,465
Prepaid expenses and other assets	(141)	(34)
Accounts payable	1,159	670
Accrued liabilities	(777)	(125)
Net cash provided by operating activities	839	4,007
<b>Investing Activities:</b>		
Purchases of investments	(3,100)	(9,325)
Sales and maturities of investments	3,850	5,876
Purchase of property and equipment	(874)	(94)
Patent costs	(153)	(89)
Net cash used in investing activities	(277)	(3,632)
<b>Financing Activities:</b>		
Proceeds from the exercise of Common Stock options	820	90
Net cash provided by financing activities	820	90
Foreign currency effect	11	6
Net increase in cash and cash equivalents	1,393	471
Cash and cash equivalents at beginning of period	1,170	2,440
Cash and cash equivalents at end of period	<u>\$ 2,563</u>	<u>\$ 2,911</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for Taxes	<u>\$ 111</u>	<u>\$ 90</u>
<b>Supplemental disclosure of non-cash transactions:</b>		
Issuance of Common Stock under the 2006 Equity Incentive Plan	<u>\$ 298</u>	<u>\$ 389</u>

See accompanying notes to the consolidated condensed financial statements.

**AMERIGON INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY**  
**(In thousands)**  
**(Unaudited)**

	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Currency Translation Adjustment</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at December 31, 2007	21,918	\$63,028	\$21,766	\$ (42,069)	\$ (16)	\$ 42,709
Exercise of Common Stock options	172	521	—	—	—	521
Common Stock issued to employees	37	298	—	—	—	298
Stock option compensation	—	—	217	—	—	217
Comprehensive income:						
Currency translation	—	—	—	—	11	
Net income	—	—	—	1,371	—	
Total comprehensive income						1,382
Balance at March 31, 2008	<u>22,127</u>	<u>\$63,847</u>	<u>\$21,983</u>	<u>\$ (40,698)</u>	<u>\$ (5)</u>	<u>\$ 45,127</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 (“CCS™”), 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 3,777,000 units of its CCS product through March 31, 2008.

In 2003, the Company launched a newly designed and more efficient version of its CCS that incorporates its new Micro Thermal Module™ 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 month period ended March 31, 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. The reclassifications increased cash provided by operating activities and decreased cash provided by financing activities by \$605,000 for the three month period ended March 31, 2007.

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	
	March 31,	
	2008	2007
Weighted average number of shares for calculation of basic EPS – Common Stock	22,004,468	21,389,788
Impact of stock options outstanding under the 1993, 1997 and 2006 Stock Option Plans	779,981	825,217
Impact of warrants outstanding for the purchase of Common Stock	—	148,334
Weighted average number of shares for calculation of diluted EPS	<u>22,784,449</u>	<u>22,363,339</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	
	March 31,	
	2008	2007
Stock options outstanding under the 1993 and 1997 Stock Option Plans	<u>78,000</u>	<u>16,000</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 month period ended March 31, 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 March 31,</u>	<u>CCS</u>	<u>BSST <sup>(1)</sup></u>	<u>Reconciling Items</u> (in Thousands)	<u>Total</u>
2008				
Product revenues	\$17,324	\$ 36	\$ —	\$17,360
Operating income	4,702	(733)	(2,127) <sup>(2)</sup>	1,842
2007				
Product revenues	\$16,273	\$ —	\$ —	\$16,273
Operating income	4,541	(470)	(2,153) <sup>(2)</sup>	1,918

(1) BSST's operating loss for the three months ended March 31, 2008 and 2007 is net of \$809,000 and \$584,000, respectively, of reimbursed research and development costs.

(2) Represents corporate selling, general and administrative costs and includes depreciation expense of \$58,000 and \$44,000, for the three months ended March 31, 2008 and 2007, respectively.

Product revenues information by geographic area:

	<u>Three Months Ended March 31,</u>			
	<u>2008</u>		<u>2007</u>	
North America	\$ 9,292	53%	\$10,278	63%
Asia	6,718	39%	5,363	33%
Europe	1,350	8%	632	4%
Total product revenues	<u>\$17,360</u>	<u>100%</u>	<u>\$16,273</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 March 31, 2008. For the three months ended March 31, 2008 and 2007, purchases from this supplier totaled \$7,960,000 and \$4,466,000, respectively. The Company had an accounts payable balance with Ferrotec of \$6,483,000 as of March 31, 2008 and \$4,879,000 as of December 31, 2007.

**Note 6 – Auction Rate Preferred Stock**

As of March 31, 2008, the Company's long-term and short-term investment portfolio included \$23,175,000 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. 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 announced an intention to seek alternative financing and redeem 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 first week of April 2008, the Company received proceeds totaling \$1,150,000, representing a partial redemption of one of the ARPS held by the Company. Additional redemptions totaling \$5,225,000 are expected to be received in May 2008.

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 a portion of its ARPS totaling \$22,025,000 from short-term investments to long-term investments as of March 31, 2008.

The Company believes that its current working capital, exclusive of the ARPS, of \$11,112,000, its expected positive free cash flow in 2008, and its, recently increased, \$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 invested in ARPS.

**Note 7 – Revolving Credit Facility Amendment**

On April 29, 2008, the Company executed an amendment to its Revolving Credit Line with Comerica Bank. The amendment increases 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 are substantially unaffected. As of March 31, 2008 and through April 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 April 30, 2008 was \$19,840,000.

**Note 8 – 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 as well as 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 that are 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 SFAS 159 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 three months ended March 31, 2008, any future transacted financial asset or liability will be evaluated for the fair value election as prescribed by SFAS 157 and fair 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 March 2008, we have shipped approximately 3.8 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**

First Quarter 2008 Compared with First Quarter 2007

*Product Revenues.* Product revenues for the three months ended March 31, 2008 ("First Quarter 2008"), were \$17,360,000 compared with revenues of \$16,273,000 for the three months ended March 31, 2007 ("First Quarter 2007"), an increase of \$1,087,000, or 7%. 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. Unit shipments increased to 253,000 units for the First Quarter 2008 compared with 240,000 units for the First Quarter 2007. New products equipped with CCS and launched since the First Quarter 2007 included the Hyundai Genesis, Lexus LX 570, Jaguar XJ, Jaguar XF, Lincoln MKS and two vehicle models not yet announced. We expect that a number of new vehicles which will begin to offer the CCS as an option will favorably impact our product revenue over the remainder of the year. 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 Quarter 2008 compared with that of the First Quarter 2007. Content varies among programs based upon differing customer sourcing decisions for certain components that complement the CCS system. A portion of our higher sales was attributable to two vehicles which, beginning with the 2008 model year, began to install the CCS as a standard feature. Previously, the CCS was installed 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.

*Cost of Sales.* Cost of sales increased to \$11,801,000 in the First Quarter 2008 from \$11,059,000 in the First Quarter 2007. This increase of \$742,000, or 7%, is attributable to higher sales volumes.

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*Net Research and Development Expenses.* Net research and development expenses increased to \$1,590,000 in the First Quarter 2008 from \$1,143,000 in the First Quarter 2007. This \$447,000, or 39%, 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 during the remainder of 2008 and in 2009 as we continue to increase our development activities supporting the advanced TED technology. Our research and development reimbursements may not 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 \$2,127,000 in the First Quarter 2008 compared with \$2,153,000 in the First Quarter 2007. This represented a \$26,000, or 1%, decrease.

*Interest Income.* We had interest income of \$297,000 for the First Quarter 2008 compared with \$186,000 for the First Quarter 2007. The increase of \$111,000, or 60%, resulted from higher cash, short-term investment and long-term investment balances during the First Quarter 2008 compared with the First Quarter 2007 partially offset by lower average yields on our interest paying investments (see "Liquidity and Capital Resources").

*Income Tax Expense.* We recorded income tax expense of \$820,000. 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 First Quarter of 2007 was \$860,000 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 at which time we had completed a study of the qualification of our research and development activities toward the credit.

## Liquidity and Capital Resources

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

	March 31, 2008	December 31, 2007
Cash and cash equivalents	\$ 2,563,000	\$ 1,170,000
Short-term investments	1,150,000	23,925,000
	<u>\$ 2,563,000</u>	<u>\$ 25,095,000</u>
Long-term investments	<u>\$ 22,025,000</u>	<u>\$ —</u>

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We manage our cash, cash equivalents and short-term investments in order to fund operating requirements. Cash and cash equivalents increased by \$1,393,000 to \$2,563,000 during First Quarter 2008. At March 31, 2008, our short-term and long-term investments were comprised of Auction Rate Preferred Stock ("ARPS"). At December 31, 2007 our short-term investments were comprised of \$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.

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 we hold have announced an intention to seek alternative financing and redeem the ARPS at their face value representing also the Company's carrying value and the value at which the Company purchased the ARPS. During the first week of April 2008, we received proceeds totaling \$1,150,000, representing a partial redemption of one of the ARPS we own. Additional redemptions totaling \$4,525,000 are expected to be received in May 2008.

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 a portion of our ARPS totaling \$22,025,000 from short-term investments to long-term investments as of March 31, 2008.

We believe that our current working capital, exclusive of the ARPS, of \$11,112,000, our expected positive free cash flow in 2008, and our, recently increased, \$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 entire amount invested in ARPS.

On April 29, 2008, we amended our Revolving Credit Line with Comerica Bank. The amendment increases 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 are substantially unaffected. As of March 31, 2008 and through April 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 \$19,840,000.

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Cash provided by operating activities during First Quarter 2008 was \$839,000 and was attributable to net income, net of non-cash adjustments including deferred taxes of \$748,000, stock option compensation of \$217,000, depreciation and amortization of \$307,000, and partially offset by an increase in net operating assets and liabilities of \$1,804,000. The higher net operating assets and liabilities were primarily due to higher accounts receivable, inventory and prepaid expense and other assets and lower accrued liabilities as of March 31, 2008 as compared to December 31, 2007. These differences were partially offset by a higher accounts payable balance.

As of March 31, 2008, working capital was \$11,112,000 and was \$30,538,000 at December 31, 2007, representing a decrease of \$19,426,000, or 64%. 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 and to an increase in accounts payable of \$1,159,000. These were partially offset by an increase in accounts receivable of \$1,094,000, an increase in inventory of \$951,000, an increase in prepaid expenses and other current assets of \$141,000 and by a decrease in accrued liabilities of \$777,000. Accounts receivable increased as a result of the higher sales during the period compared with sales in the fourth quarter of 2007. Inventory increased by 42% due partly to the timing of the receipt of purchases of inventory for certain North American customers which are purchased in shipping container loads in order to maximize freight cost efficiency from our suppliers located in Asia. Inventory also increased in preparation for a number of new program launches expected to begin during the second quarter. Accounts payable increased due to the higher levels of purchasing activity during the quarter to support the higher sales volumes and due to the higher inventory levels. 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 used in investing activities was \$277,000 during First Quarter 2008, reflecting purchases of investments of \$3,100,000, purchases of property and equipment totaling \$874,000, and the cost to acquire new patents and patent application filings of \$153,000. These amounts were partially offset by sales and maturities of investments totaling \$3,850,000. Purchases of property and equipment for the period are primarily related to new equipment purchases for newly launched production programs and approximately \$380,000 in leasehold improvements related to a refurbishment and expansion of our engineering and research center located in Irwindale, California, which was completed in January 2008.

Cash provided by financing activities was \$820,000 during First Quarter 2008, representing 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 March 31, 2008. Purchases of labor and services and components from Ferrotec were \$7,960,000 during First Quarter 2008. The Company had an accounts payable balance with Ferrotec of \$6,483,000 as of March 31, 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 (5.25% at March 31, 2008). As of March 31, 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 short-term and long-term investments consist of ARPS which have stated maturities beyond 12 months. The carrying value approximates fair value at March 31, 2008.

<u>Marketable Securities</u>	<u>Carrying Value</u>	<u>Average Rate of Return at March 31, 2008 (Annualized)</u>
Cash equivalents	\$ 2,210,000	3.11%
Short-term investments	\$ 1,150,000	3.74%
Long-term investments	\$22,025,000	4.11%

**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 March 31, 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 March 31, 2008.

There was no change in our internal control over financial reporting during our fiscal quarter ended March 31, 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.

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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, 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 March 31, 2008, we had accumulated deficits since inception of \$40,698,000. Our accumulated deficits are attributable to the historical costs of developmental and other start-up activities, including the industrial design, development and marketing of discontinued products and a significant loss incurred on a major electric vehicle development contract. Approximately \$33,000,000 of our accumulated deficit arose from past efforts in electric vehicles, integrated voice technology or radar, all discontinued products as of December 31, 2000.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At March 31, 2008, we had cash and cash equivalents of \$2,563,000 and short-term investments of \$1,150,000. Based on our current operating plan, we believe cash at March 31, 2008, along with the proceeds from future revenues and borrowings from our, recently increased, \$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 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 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.

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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.

**PART II OTHER INFORMATION****ITEM 6. EXHIBITS**

Exhibits to this Report are as follows:

<u>Exhibit Number</u>	<u>Description</u>
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
10.12.3	Second Amendment, dated as of April 30, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank
10.13	Guaranty of BSST LLC in favor of Comerica Bank dated as of April 30, 2008
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)
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Indicates management contract or compensatory plan or arrangement.

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- (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.

**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: May 2, 2008

/s/ BARRY G. STEELE  
Barry G. Steele  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Date: May 2, 2008

**FIRST AMENDMENT TO CREDIT AGREEMENT**

THIS FIRST AMENDMENT ("Amendment") is made as of the 6<sup>th</sup> day of February, 2008, by and between Amerigon Incorporated (herein called "Company") and Comerica Bank (herein called the "Bank").

## RECITALS:

A. Company and Bank entered into that certain Amended and Restated Credit Agreement dated as of October 28, 2005, entered into by and between Company and Bank (as amended or otherwise modified from time to time, the "Credit Agreement"), under which the Lenders extended (or committed to extend) credit to Company, as set forth therein.

B. Company has requested that Bank make certain amendments to the Credit Agreement, and Bank is willing to do so, but only on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, Company and Bank agree:

**Section 1 of the Credit Agreement is hereby amended as follows:**

**The definitions of "Account Debtor", "Borrowing Base", "Eligible Accounts", "Eligible Foreign Account", "Eligible Foreign Account Debtor", and "Eligible Inventory" in Section 1 of the Credit Agreement are hereby deleted in their entirety.**

**The following definitions in Section 1 of the Credit Agreement are hereby amended and restated as follows:**

*"Availability" shall mean as of any date of determination the amount obtained by subtracting from \$10,000,000 an amount equal to the aggregate principal amount of the Advances plus the Letter of Credit Reserve.*

*"Revolving Credit Maturity Date" shall mean November 1, 2009.*

**Clause (f) of the definition of "Permitted Acquisitions" is hereby amended and restated as follows:**

*"(f) After giving effect to such acquisition, Availability is not less than \$3,000,000."*

**Section 2.5 of the Credit Agreement is hereby amended and restated as follows:**

*"2.5 Reserved."*

**Section 7.1(d) of the Credit Agreement is hereby amended and restated as follows:**

*"(d) Reserved."*

**Section 8.1 of the Credit Agreement is hereby amended and restated as follows:**

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

**Section 8.10 of the Credit Agreement is hereby amended and restated as follows:**

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

**Schedule 8.6 is hereby amended and restated and replaced by new Schedule 8.6 attached hereto as Attachment 1. The parties hereto agree that on the Amendment Effective Date, the changes to this Schedule 8.6 shall be given retroactive effect to December 31, 2007.**

**This Amendment shall become effective (according to the terms hereof) on the date that the following conditions have been fully satisfied by Company (“Amendment Effective Date”):**

**Bank shall have received counterpart originals of this Amendment, in each case duly executed and delivered by Company in form satisfactory to Bank.**

**Bank shall have received counterpart originals of the Acknowledgment of Guarantor in the form attached hereto as Attachment 2, duly executed and delivered by the BSST LLC.**

**Company hereby represents and warrants that, after giving effect to the amendments to the Credit Agreement contained herein, (a) execution and delivery of this Amendment are within such party’s corporate powers, have been duly authorized, are not in contravention of law or the terms of their respective articles of incorporation or bylaws, and except as have been previously obtained do not require the consent or approval, material to the amendments contemplated in this Amendment, of any governmental body, agency or authority, and this Amendment and the Credit Agreement will constitute the valid and binding obligations of such undersigned parties enforceable in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law), (b) the continuing representations and warranties set forth in Sections 6.1 through 6.15 inclusive, of the Credit**

Agreement are true and correct on and as of the date hereof, and such representations and warranties are and shall remain continuing representations and warranties during the entire life of the Credit Agreement, and (c) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

Company and Bank each hereby ratify and confirm their respective obligations under the Credit Agreement, as amended by this Amendment and agree that the Credit Agreement hereby remains in full force and effect after giving effect to the effectiveness of this Amendment and that, upon such effectiveness, all references in such Loan Documents to the "Credit Agreement" shall be references to the Credit Agreement as amended by this Amendment.

Except as specifically set forth above, this Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement or the Revolving Credit Note, or to constitute a waiver by Bank of any right or remedy under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, the Revolving Credit Note or any of the other Loan Documents.

Unless otherwise defined to the contrary herein, all capitalized terms used in this Amendment shall have the meaning set forth in the Credit Agreement.

This Amendment may be executed in counterpart.

This Amendment shall be construed in accordance with and governed by the laws of the State of Michigan

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

**COMERICA BANK**

By: /s/ Steven J. McCormack  
Its: Vice President

**AMERIGON INCORPORATED**

By: /s/ Barry Steele  
Its: Chief Financial Officer

**ATTACHMENT 1**

**SCHEDULE 8.6**

**INVESTMENTS**

**Investments by Company in BSST as of September 30, 2005 in the aggregate amount of \$3,479,677, consisting of loans in the amount of \$1,479,677 and an equity interest in the amount of \$2,000,000.**

**Additional investments in BSST LLC in an amount not exceeding \$5,000,000 per fiscal year. To the extent that the amount of investments permitted for any fiscal year (without regard to any carry-over from a prior year pursuant to this paragraph) is in excess of the actual amount of investments for such period, the amount of permitted investments during the immediately succeeding fiscal year only shall be increased by the amount of such excess.**

**SECOND AMENDMENT TO CREDIT AGREEMENT**

THIS SECOND AMENDMENT ("Amendment") is made as of the 29th day of April, 2008, by and between Amerigon Incorporated (herein called "Company") and Comerica Bank (herein called the "Bank").

## RECITALS:

A. Company and Bank entered into that certain Amended and Restated Credit Agreement dated as of October 28, 2005, entered into by and between Company and Bank, as amended by First Amendment to Credit Agreement dated as of February 6, 2008 (as further amended or otherwise modified from time to time, the "Credit Agreement"), under which the Bank extended (or committed to extend) credit to Company, as set forth therein.

B. Company has requested that Bank make certain amendments to the Credit Agreement, and Bank is willing to do so, but only on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, Company and Bank agree:

**Section 1 of the Credit Agreement is hereby amended as follows:****The following definitions are hereby added to Section 1 of the Credit Agreement:**

*"Bank Products" shall mean any one or more of the following types of services or facilities extended to the Company and/or any Guarantor by the Bank: (i) credit cards, (ii) credit card processing services, (iii) debit cards, (iv) purchase cards, (v) Automated Clearing House (ACH) transactions, (vi) cash management, including controlled disbursement services, and (vii) establishing and maintaining deposit accounts.*

*"Borrowing Base" shall mean as of any date of determination, the sum of (a) eighty five percent (85%) of Eligible Accounts, plus (b) the lesser of (i) sixty percent (60%) of Eligible Foreign Accounts and (ii) Three Million Dollars (\$3,000,000), plus (c) fifty percent (50%) of Eligible Inventory, plus (d) seventy percent (70%) of the market value (as determined by Bank in its sole discretion) of Eligible Securities.*

*"Credit Insurance" shall mean credit insurance from a solvent insurer acceptable to the Bank in its sole discretion in amounts and on terms acceptable to the Bank its sole Discretion, and as to which the Bank is named as loss payee under a loss payee endorsement acceptable to the Bank.*

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

- (a) it is not owing more than ninety (90) days after the date of the original invoice or other writing evidencing such Account;*
- (b) it is not owing by an Account Debtor (as defined in the UCC) who has failed to pay twenty five percent (25 %) or more of the aggregate amount of its Accounts owing to Company within ninety (90) days after the date of the respective invoices or other writings evidencing such Accounts;*
- (c) it is not an Account which when aggregated with all other Accounts owing by the same Account Debtor would cause Company’s Accounts owing from such Account Debtor to exceed an amount equal to fifteen percent (15%) of Company’s aggregate Accounts owing from all Account Debtors, provided, however, Bank in its sole discretion may establish higher or lower concentration limits for any specific Account Debtor; provided that this provision shall not cause that portion of Accounts owing by the same Account Debtor equal to fifteen percent (15%) of Company’s aggregate Accounts owing from all Account Debtors to fail to meet the criteria of an Eligible Account provided that this provision shall not apply to Accounts with respect to which the Account Debtor is Johnson Controls, Lear Corporation, Bridgewater Interiors LLC or NHK Spring Company, Ltd. or any of their respective Subsidiaries;*
- (d) it arises from the sale or lease of goods and such goods have been shipped or delivered to the Account Debtor under such Account; or it arises from services rendered and such services have been performed;*
- (e) it is evidenced by an invoice, dated not later than the date of shipment or performance, rendered to such Account Debtor or some other evidence of billing acceptable to Bank;*
- (f) it is not evidenced by any note or other negotiable instrument or by any chattel paper;*
- (g) it is a valid, legally enforceable obligation of the Account Debtor thereunder, and is not subject to any offset, counterclaim or other defense on the part of such Account Debtor or to any claim on the part of such Account Debtor denying liability thereunder in whole or in part;*
- (h) it is not subject to any sale of accounts, any rights of offset, assignment, lien or security interest whatsoever other than to Bank;*
- (i) it is not owing by a Subsidiary or Affiliate of Company, nor by an Account Debtor which (i) does not maintain its chief executive*

office in the United States of America or Canada, (ii) is not organized under the laws of the United States of America or Canada, or any state or province thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality or other instrumentality thereof;

(j) it is not an account owing by the United States of America or any state or political subdivision thereof, or by any department, agency, public body corporate or other instrumentality of any of the foregoing, unless all necessary steps are taken to comply with the Federal Assignment of Claims Act of 1940, as amended, or with any comparable state law, if applicable, and all other necessary steps are taken to perfect Bank's security interest in such account;

(k) it is not owing by an Account Debtor for which Company has received a notice of (i) the death of the Account Debtor or any partner of the Account Debtor, (ii) the dissolution, liquidation, termination of existence, insolvency or business failure of the Account Debtor, (iii) the appointment of a receiver for any part of the property of the Account Debtor, or (iv) an assignment for the benefit of creditors, the filing of a petition in bankruptcy, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Account Debtor;

(l) it is not an account billed in advance, payable on delivery, for consigned goods, for guaranteed sales, payable at a future date, for unbilled sales, subject to a retainage or holdback by the Account Debtor or insured by a surety company; and

(m) it is not owing by any Account Debtor whose obligations Bank (in its sole reasonable discretion) shall have notified Company are not deemed to constitute Eligible Accounts.

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

"Eligible Foreign Account" shall mean an Account which satisfies all of the requirements to be an Eligible Account except those under clauses (i)(i) and (i)(ii) of the definition of Eligible Accounts and which satisfies the following requirements: (i) is covered by Credit Insurance, and (ii) is owing to Company by an Eligible Foreign Account Debtor.

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

"Eligible Inventory" shall be valued at the lesser of cost or present market value in accordance with GAAP, on a first in/first out basis,

and shall mean all of Company's Inventory which is in good and merchantable condition, is not obsolete or discontinued, and which would properly be classified as "raw materials" or "finished goods inventory" under GAAP, excluding (a) Company's work in process, consigned goods and inventory located outside the United States of America, (b) inventory covered by or subject to a seller's right to repurchase, or any consensual or nonconsensual lien or security interest (including without limitation purchase money security interests) other than in favor of Bank, whether senior or junior to Bank's security interest, and (c) Inventory that Bank (in its sole reasonable discretion) after having notified Company, excludes. Inventory which is at any time Eligible Inventory, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be Eligible Inventory.

"Eligible Securities" shall mean the financial assets that are contained in that certain securities account # ORA - 015369 at Comerica Securities, Inc. that are not subject to any pledge, security interest, lien, mortgage, hypothecation or other encumbrance (except to Bank under that certain Security Agreement (Securities Account) dated April 29, 2008 by Company) provided that such financial assets are credited to the account and the Company's interest in such financial assets is a security entitlement.

"Hedging Transaction" means each interest rate swap transaction, basis swap transaction, forward rate transaction, equity transaction, equity index transaction, foreign exchange transaction, cap transaction, floor transaction (including any option with respect to any of these transactions and any combination of any of the foregoing), pursuant to any agreement entered into between the Company and/or any Guarantor and the Bank.

"Trigger Date" shall mean the earliest to occur of the date that (i) the aggregate fair market value (as reasonably determined by Bank) of the Company's Unencumbered Liquid Assets is less than \$10,000,000 and (ii) the aggregate principal amount outstanding under the Revolving Credit exceeds \$10,000,000.

"Unencumbered Liquid Assets" shall mean (i) cash, (ii) cash equivalents, (iii) marketable securities which are traded on the New York Stock Exchange, American Stock Exchange or the NASDAQ Stock Market and (iv) any fund or pooling arrangement that exclusively purchased and holds the foregoing, all as determined on a Company-only, non-consolidated, basis, in each case which are in the possession and/or control of Company, and, to the extent that any such assets are held by or on deposit with any other Person, the ability of Company to access, assign or transfer such items are not subject to any existing lien, encumbrance or other restrictions (other than customary early withdrawal penalties) and as to which no Person (other than the Bank) has been granted control (within the meaning of Article 8 of the UCC).

*“USA Patriot Act” shall mean The United and Strengthening America by providing appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 10756, October 26, 2001 or Executive Order 13224 of September 23, 2001 issued by the President of the United States (66 Fed. Reg. 49049 (2001)).*

**The following definitions in Section 1 of the Credit Agreement are hereby amended and restated as follows:**

*“Availability” shall mean as of any date of determination the amount obtained by subtracting from \$20,000,000 an amount equal to the aggregate principal amount of the Advances plus the Letter of Credit Reserve.*

*“Base Tangible Net Worth” shall initially mean \$30,000,000. On the last day of each fiscal year of Company (commencing December 31, 2008), Base Tangible Net Worth shall increase by an amount equal to fifty percent (50%) of net income of Company and its Consolidated Subsidiaries for the fiscal year then ended. If net income is less than \$0, it shall be treated as being \$0 for purposes of this calculation.*

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

**The reference to “Ten Million Dollars (\$10,000,000)” in Section 2.1 of the Credit Agreement is hereby deleted and replace with “Twenty Million Dollars (\$20,000,000)”.**

**Section 2.5 of the Credit Agreement is hereby amended and restated as follows:**

*“2.5 Commencing on the Trigger Date, the aggregate principal amount at any one time outstanding under the Revolving Credit Note plus the Letter of Credit Reserve shall never exceed the Borrowing Base. Company shall immediately make all payments necessary to comply with this provision. Any such payments shall be applied first to outstanding Prime-based Advances, then to outstanding Eurodollar-based Advances, and the remainder, if any, to provide cash collateral in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all Letters of Credit.”*

**The following is hereby added to the Credit Agreement as new Section 2.9:**

*“2.9 Promptly following the receipt by the Company of any proceeds from the sale of any Eligible Securities, the principal amounts outstanding under the Revolving Credit shall be repaid (with no corresponding permanent reduction in the commitment amount) by an amount equal to the net cash proceeds of such sale.”*

**Section 7.1(d) of the Credit Agreement is hereby amended and restated as follows:**

*“(d)(i) prior to the Trigger Date, within thirty (30) days after and as of the end of each month, a Liquidity Certificate in the form attached hereto as Exhibit “C”; and (ii) on the Trigger Date, and within thirty (30) days after and as of the end of each month thereafter, a detailed aging of the company’s accounts receivable and accounts payable, an inventory report, a statement from Comerica Securities of the Auction Rate Securities and a borrowing base report, each in term acceptable to Bank;”*

**Section 7.11 is amended and restated as follows:**

*“7.11 Beginning March 31, 2008, maintain at all times Tangible Net Worth of not less than the Base Tangible Net Worth.”*

**The following is hereby added to the Credit Agreement as new Section 11.14:**

*“11.14 Pursuant to Section 326 of the USA Patriot Act, Bank hereby notifies the Company that if it or any of its Subsidiaries open an account, including any loan, deposit account, treasury management account, or other extension of credit with Bank, the Bank will request the applicable Person’s name, tax identification number, business address and other information necessary to identify such Person (and may request such Person’s organizational documents or other identifying documents) to the extent necessary for the Bank to comply with the USA Patriot Act.”*

**New Exhibit “C” is hereby added to the Credit Agreement in the form attached hereto as Attachment 2.**

**This Amendment shall become effective (according to the terms hereof) on the date that the following conditions have been fully satisfied by Company (“Amendment Effective Date”):**

**Bank shall have received counterpart originals of this Amendment, in each case duly executed and delivered by Company in form satisfactory to Bank.**

**Bank shall have received counterpart originals of the replacement Revolving Credit Note, duly executed and delivered by Company in form satisfactory to Bank.**

**Bank shall have received counterpart originals of the Acknowledgment of Guarantor in the form attached hereto as Attachment 1, duly executed and delivered by the BSST LLC.**

Bank shall have received counterpart originals of the Security Agreement (Securities Account) and an Account Control Agreement, in each case duly executed by the appropriate parties thereto and delivered by the Company in form satisfactory to Bank.

Bank shall have received certified copies of resolutions of the Company and each of the other Loan Parties, as applicable, authorizing, as applicable, the execution and delivery of this Second Amendment and the other Loan Documents required under this Section and the performance by the Company of each of its obligations under the Credit Agreement as amended by this Second Amendment.

Company hereby represents and warrants that, after giving effect to the amendments to the Credit Agreement contained herein, (a) execution and delivery of this Amendment are within such party's corporate powers, have been duly authorized, are not in contravention of law or the terms of their respective articles of incorporation or bylaws, and except as have been previously obtained do not require the consent or approval, material to the amendments contemplated in this Amendment, of any governmental body, agency or authority, and this Amendment and the Credit Agreement will constitute the valid and binding obligations of such undersigned parties enforceable in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law), (b) the continuing representations and warranties set forth in Sections 6.1 through 6.15 inclusive, of the Credit Agreement are true and correct on and as of the date hereof, and such representations and warranties are and shall remain continuing representations and warranties during the entire life of the Credit Agreement, and (c) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

Company and Bank each hereby ratify and confirm their respective obligations under the Credit Agreement, as amended by this Amendment and agree that the Credit Agreement hereby remains in full force and effect after giving effect to the effectiveness of this Amendment and that, upon such effectiveness, all references in such Loan Documents to the "Credit Agreement" shall be references to the Credit Agreement as amended by this Amendment.

Except as specifically set forth above, this Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement or the Revolving Credit Note, or to constitute a waiver by Bank of any right or remedy under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, the Revolving Credit Note or any of the other Loan Documents.

Unless otherwise defined to the contrary herein, all capitalized terms used in this Amendment shall have the meaning set forth in the Credit Agreement.

This Amendment may be executed in counterpart.

This Amendment shall be construed in accordance with and governed by the laws of the State of Michigan

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

**COMERICA BANK**

By: /s/ Steven J. McCormack  
Steven J. McCormack

Its: Vice President

**AMERIGON INCORPORATED**

By: /s/ Barry G. Steele  
Barry G. Steele

Its: Chief Financial Officer

**ACKNOWLEDGMENT OF GUARANTOR**

BSST LLC hereby acknowledges that (a) it previously entered into a Guaranty dated October 28, 2005 in favor of Bank with respect to the obligations of Company and (b) Company and Bank have executed an Amendment dated as of date hereof (the "Amendment") to such Credit Agreement (the Credit Agreement as amended thereby, the "Amended Credit Agreement"). BSST LLC hereby ratifies and confirms its obligations under the Amended Credit Agreement and the Guaranty, and agrees that the Guaranty remains in full force and effect after giving effect to the effectiveness of the Amendment, that BSST LLC's obligations thereunder are not subject to any defense, offset or counterclaim and that, upon such effectiveness, all references in such Amended Credit Agreement and the Guaranty to the "Credit Agreement" shall be references to the Amended Credit Agreement. Capitalized terms not otherwise defined herein will have the meanings given in the Amended Credit Agreement. This acknowledgment shall be governed by and construed in accordance with the laws of, and be enforceable in, the State of Michigan.

**BSST LLC**By: /s/ Sandy Grouf

Its: Chief Financial Officer

Dated: April 29, 2008

## 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: May 2, 2008

/s/ Daniel R. Coker

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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: May 2, 2008

/s/ Barry G. Steele

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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 March 31, 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

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Daniel R. Coker

President and Chief Executive Officer

May 2, 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 March 31, 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

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Barry G. Steele  
Chief Financial Officer  
May 2, 2008