

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1999

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

For the transition period from _____ to _____.

Commission File Number: 0 - 21810

AMERIGON INCORPORATED

(Exact name of registrant as specified in its charter)

California

95-4318554

(State or other jurisdiction of
incorporation or organization)

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

5462 Irwindale Avenue, Irwindale, California

91706

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (626) 815-7400

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 X No

At July 1, 1999 the registrant had 1,910,089 shares of Class A Common Stock, no
par value; and 9,000 shares of Preferred Stock, no par value, issued and
outstanding.

(1)

AMERIGON INCORPORATED

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ITEM 1.
FINANCIAL STATEMENTS

AMERIGON INCORPORATED
(A Development Stage Enterprise)

BALANCE SHEET
(In thousands)
(Unaudited)

	December 31, 1998	June 30, 1999
	-----	-----
ASSETS		
Current Assets:		
Cash & cash equivalents	\$1,667	\$4,895
Short-term investments	-	1,854
Accounts receivable less allowance of \$101 and \$42, respectively	174	185
Inventory, primarily raw materials	105	168
Prepaid expenses and other assets	136	391
	-----	-----
Total current assets	2,082	7,493
Property and equipment, net	562	612
	-----	-----
Total Assets	\$2,644	\$8,105
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$363	\$748
Deferred revenue	44	-
Accrued liabilities	485	386
	-----	-----
Total current liabilities	892	1,134
Long term portion of capital lease	26	20
Shareholders' Equity:		
Convertible Preferred Stock;		
Series A - no par value; 9,000 shares authorized,		
none and 9,000 issued and outstanding at		
December 31, 1998 and June 30, 1999	-	8,279
Common Stock;		
Class A - no par value; 20,000 shares authorized,		
1,910 issued and outstanding at		
December 31, 1998 and June 30, 1999	28,149	28,149
Contributed capital	9,882	10,031
Deficit accumulated during development stage	(36,305)	(39,508)
	-----	-----
Total shareholders' equity	1,726	6,951
	-----	-----
Total Liabilities and Shareholders' Equity	\$2,644	\$8,105
	-----	-----

See accompanying notes to the condensed financial statements

AMERIGON INCORPORATED
(A Development Stage Enterprise)

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

	Three Months Ended June 30,		Six Months Ended June 30,		From April 23, 1991 (inception) to June 30, 1999
	1998	1999	1998	1999	
Revenues:					
Product	\$7	\$10	\$7	\$27	\$45
Development contracts and related grants	274	83	312	385	4,906
Grants	-	-	-	-	2,572
Total revenues	281	93	319	412	7,523
Costs and expenses:					
Product	33	11	33	43	91
Direct development contract and related grant costs	322	439	592	886	16,755
Grants	-	-	-	-	1,980
Research and development	587	472	1,105	1,007	3,204
Selling, general and administrative, including reimbursable expenses	957	741	1,970	1,600	20,265
Total costs and expenses	1,899	1,663	3,700	3,536	42,295
Operating loss	(1,618)	(1,570)	(3,381)	(3,124)	(34,772)
Interest income	78	2	174	16	1,316
Interest expense	-	(76)	-	(76)	(377)
Gain on disposal of assets	62	-	62	-	2,363
Net loss from continuing operations and before extraordinary item	(1,478)	(1,644)	(3,145)	(3,184)	(31,470)
Loss from discontinued operations	(197)	(19)	(387)	(19)	(7,698)
Net loss before extraordinary item	(1,675)	(1,663)	(3,532)	(3,203)	(39,168)
Extraordinary loss from extinguishment of indebtedness	-	-	-	-	(340)
Net loss	(\$1,675)	(\$1,663)	(\$3,532)	(\$3,203)	(\$39,508)
Net loss available to common shareholders	(\$1,675)	(\$1,730)	(\$3,532)	(\$3,270)	(\$39,575)
Basic and diluted net loss per share:					
Loss from continuing operations	(\$0.77)	(\$0.90)	(\$1.65)	(\$1.70)	
Discontinued operations	(0.10)	(0.01)	(0.20)	(0.01)	
Available to common shareholders	(\$0.88)	(\$0.91)	(\$1.85)	(\$1.71)	
Weighted average number of shares outstanding	1,910	1,910	1,910	1,910	

See accompanying notes to the condensed financial statements

AMERIGON INCORPORATED
(A Development Stage Enterprise)

STATEMENT OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 1998	1999	From April 23, 1991 (inception) to June 30, 1999
	-----	-----	-----
Operating Activities:			
Net loss	(\$ 3,532)	(\$ 3,203)	(\$39,508)
Adjustments to reconcile net loss to cash used in operating activities of continuing operations:			
Loss from discontinued operations	387	19	7,698
Depreciation and amortization	241	210	1,866
Provision for doubtful account	-	(59)	152
Stock option compensation	-	-	712
Gain from sale of assets	(62)	-	(2,363)
Contributed capital-founders' services without cash compensation	-	-	300
Change in operating assets and liabilities:			
Accounts receivable	120	48	(337)
Inventory	(54)	(63)	(188)
Prepaid expenses and other assets	63	(255)	(391)
Accounts payable	(186)	40	55
Deferred revenue	-	(44)	-
Accrued liabilities	(5)	(99)	451
	-----	-----	-----
Net cash used in operating activities of continuing operations	(3,028)	(3,406)	(31,553)
	-----	-----	-----
Investing Activities:			
Purchase of property and equipment	(398)	(199)	(2,394)
Proceeds from sale of assets	-	-	2,800
Receivable from sale of assets	-	-	(1,000)
Proceeds from receivable from sale of assets	-	-	971
Short term investments purchased	-	(1,854)	(1,854)
Short term investments sold	1,840	-	-
Net cash (used in) provided by investing activities of continuing operations	-----	-----	-----
	1,442	(2,053)	(1,477)
	-----	-----	-----
Financing Activities:			
Proceeds from sale of preferred stock, net	-	8,624	8,624
Proceeds from sale of common stock units, net	-	-	34,772
Proceeds from exercise of stock options	-	-	160
Repurchase of common stock	-	-	(15)
Borrowing under line of credit	-	-	6,280
Repayment of line of credit	-	-	(6,280)
Repayment of capital lease	(10)	(6)	(108)
Proceeds from Bridge Financing	-	1,200	4,200
Repayment of Bridge Financing	-	(1,200)	(4,200)
Proceeds of notes payable to shareholder	-	-	450
Repayment of notes payable to shareholder	-	-	(450)
Contributed to capital	-	88	2,190
Net cash (used in) provided by financing activities of continuing operations	-----	-----	-----
	(10)	8,706	45,623
	-----	-----	-----
Cash used in discontinued operations	(387)	(19)	(7,698)
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents	(1,983)	3,228	4,895
	-----	-----	-----
Cash and cash equivalents at beginning of period	6,037	1,667	-
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 4,054	\$ 4,895	\$ 4,895
	-----	-----	-----

See accompanying notes to the condensed financial statements

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1 - THE COMPANY:

Amerigon Incorporated (the "Company") is in the business of developing and manufacturing vehicle components for automotive original equipment manufacturer's ("OEMs"). The Company was incorporated in California on April 23, 1991 as a research and development entity focused on creating electric vehicles ("EV"). During 1998, the Company decided to suspend funding activities associated with EV and directed its resources to developing and commercializing the Climate Control Seat ("CCS-TM-") and Radar for Maneuvering and Safety ("Radar"), which are both products of the Company's research. On May 26, 1999, the Shareholders of the Company voted to discontinue EV operations. As a result, the Company is now principally positioned to bring to market the CCS and Radar product lines and accordingly has incurred significant sales and marketing, prototype and engineering expenses to gain orders for production vehicles.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF CERTAIN ACCOUNTING POLICIES:

The accompanying financial statements as of June 30, 1999 have been prepared by the Company without audit. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation have been included. The results of operations for the three and six month periods ended June 30, 1999 are not necessarily indicative of the operating results for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 1998.

Certain amounts have been reclassified from the prior year Form 10-Q to conform with current period presentation.

On January 28, 1999, the Company effected a 1 for 5 reverse stock split. Share information for all periods has been retroactively adjusted to reflect the split.

NOTE 3 - EV SUBSIDIARY

On March 23, 1999, the Company's Board of Directors agreed to form a subsidiary to hold the Company's EV operations. Pursuant to discussions held among the Company's Board of Directors and Dr. Bell, Chairman of the Board and a significant shareholder of the Company, the Company agreed to sell to Dr. Bell a 15% interest in the EV subsidiary for

NOTE 3 - EV SUBSIDIARY (CONT.)

\$88,000. On March 29, 1999, the 15% was sold to Dr. Bell and was reflected as contributed capital.

On May 26, 1999, the shareholders voted to sell the remaining interest, 85%, of the EV subsidiary to Dr. Bell in exchange for all of his Class B Common Stock (see Note 6). The financial statements of the Company have been reclassified to reflect the dispositions of the EV operations as a discontinued operation. Accordingly, the revenues, costs and expenses, and cash flows of the EV operations have been excluded from the respective captions in the Statements of Operations and Statements of Cash Flows. The results of the EV operations have been reported separately as discontinued operations in such statements. The EV related assets were nil at December 31, 1998 and June 30, 1999 and sales were nil for the three and six months ended June 30, 1999 and 1998.

NOTE 4 - GOING CONCERN

The Company has suffered recurring losses and negative cash flows from operations since inception and has a significant accumulated deficit. Consequently, in order to fund continuing operations and complete product development, the Company will need to raise additional financing. In this regard, the Company completed the sale of 9,000 shares of Series A Convertible Preferred Stock on June 8, 1999 with an investor group (Note 5). Management believes that the proceeds from the equity financing, together with existing cash balances will be sufficient to meet its cash needs of the Company through the end of 1999.

To fund its operations, the Company will need to raise additional cash from financing sources before the Company can achieve profitability from its operations. The Company's ability to raise additional financing or achieve profitability cannot be assured. As such, there is substantial doubt about the Company's ability to continue as a going concern.

NOTE 5 - CONVERTIBLE PREFERRED STOCK

On March 29, 1999, the Company entered into a Securities Purchase Agreement (the "Financing") with an investor group. Under the terms of the Financing, on June 8, 1999, the Company issued 9,000 shares of Series A Convertible Preferred Stock and warrants to purchase up to 1,214,814 shares of Class A Common Stock in exchange for \$9,001,000. The Series A Convertible Preferred Stock will initially be convertible into 5,373,134 shares of Class A Common Stock. The warrants can only be exercised to the extent that certain other warrants to purchase Class A Common Stock are exercised by existing warrant holders and then only in the proportion of the Company's equity purchased and at the same exercise price as the exercising warrant holders.

NOTE 5 - CONVERTIBLE PREFERRED STOCK (CONT.)

In connection with the above Financing, the Company granted to financial advisors warrants to purchase 45,000 shares of Class A Common Stock at exercise prices ranging from \$2.67 to \$5.30. The warrants are exercisable at various dates ranging from March to June 2004.

Also in conjunction with the above Financing, the Company recorded a dividend to the Series A Convertible Preferred Stockholders of \$67,000 or \$0.04 per weighted average common shares outstanding resulting from the beneficial difference between the conversion price and the fair market value of Class A Common Stock on the date of commitment, May 26, 1999.

CONVERSION

Each issued share of Series A Convertible Preferred Stock is immediately convertible, in full and not in part, into shares of Class A Common Stock equal to \$1,000 divided by the Conversion Price. The Conversion Price is \$1.675, subject to proportional adjustments for certain dilutive issuance, splits and combinations and other recapitalizations or reorganizations. A total of 5,373,134 shares of Class A Common Stock has been reserved for issuance in the event of the conversion of Series A Convertible Preferred Stock.

VOTING RIGHTS

The holder of each share of Series A Convertible Preferred Stock will have the right to one vote for each share of Class A Common Stock into which such Series A Convertible Preferred Stock could then be converted.

DIVIDENDS

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

LIQUIDATION PREFERENCE

Upon liquidation, dissolution or winding up of Amerigon, each share of Series A Convertible Preferred Stock is entitled to a liquidation preference of \$1,000 plus 7% of the original issue price (\$1,000) annually for up to four years after issuance plus any declared but unpaid dividends in priority to any distribution to the Class A Common Stock, which will receive the remaining assets of Amerigon. On June 30, 1999, the liquidation preference was \$9,000,000.

NOTE 5 - CONVERTIBLE PREFERRED STOCK (CONT.)

REDEMPTION

On or after January 1, 2003, if the closing price of the Class A Common Stock for the past 60 days has been at least four times the then Conversion Price (\$1.675 per share at June 30, 1999), Amerigon may redeem the Series A Convertible Preferred Stock for an amount equal to the liquidation preference.

NOTE 6 - NET LOSS PER SHARE

The Company's net loss per share calculations are based upon the weighted average number of shares of common stock outstanding. Because their effects are anti-dilutive, net loss per share for the periods ended June 30, 1998 and 1999 do not include the effect of:

	Three and Six Months Ended June 30,	
	1998	1999
Stock options outstanding for:		
1993 Stock Option Plan	99,232	81,154
1997 Stock Option Plan (as amended)	116,333	698,334
Options granted by Lon Bell to directors and officers	118,768	10,245
Warrants to purchase outstanding shares of Class A Common Stock	1,471,751	2,731,565
Series A Preferred Stock	-	5,373,134
	-----	-----
Total	1,806,084	8,894,432
	-----	-----

NOTE 7 - SEGMENT REPORTING

The following tables present segment information about the reported revenues and operating loss of Amerigon for the three and six months ended June 30, 1998 and 1999 (in thousands). Asset information by reportable segment is not reported since management does not produce such information.

For The Three Months Ended June 30,	Climate Control Seats	Radar	Reconciling Items	As Reported
1998				
Revenue	\$ 224	\$ 57	\$ -	\$ 281
Operating Loss	(507)	(154)	(1)(957)	(1,618)
1999				
Revenue	93	-	-	93
Operating Loss	(631)	(198)	(1)(741)	(1,570)

(1) Represents selling, general and administrative costs of \$894,000 and \$684,000, respectively, and depreciation expense of \$63,000 and \$57,000, respectively, for the three months ended June 30, 1998 and 1999.

For The Six Months Ended June 30,	Climate Control Seats	Radar	Reconciling Items	As Reported
1998				
Revenue	\$ 239	\$ 80	\$ -	\$ 319
Operating Loss	(1,095)	(316)	(1)(1,970)	(3,381)
1999				
Revenue	313	99	-	412
Operating Loss	(1,215)	(309)	(1)(1,600)	(3,124)

(1) Represents selling, general and administrative costs of \$1,807,000 and \$1,487,000, respectively, and depreciation expense of \$163,000 and \$113,000, respectively, for the six months ended June 30, 1998 and 1999.

Revenue information by geographic area (in thousands);

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1999	1998	1999
United States - Commercial	\$ 7	\$34	\$ 7	\$160
United States - Government	-	-	24	99
Asia	260	14	259	103
Europe	14	45	29	50
Total Revenues	\$281	\$93	\$319	\$412

For the three months ended June 30, 1998, two foreign customers represented 72% and 20% of the Company's sales. For the quarter ended June 30, 1999, one foreign customer represented 48% of the Company's sales. For the six months ended June 30, 1998, one foreign customer represented 64% of the Company's sales. For the six months ended June 30, 1999, three customers, two domestic and one foreign, represented 27%, 24% and 25%, respectively, of the Company's sales.

ITEM 2

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

GENERAL

Amerigon Incorporated (the "Company") is in the business of developing and manufacturing vehicle components for automotive original equipment manufacturer's ("OEMs"). The Company was incorporated in California on April 23, 1991 as a research and development entity focused on creating electric vehicles ("EV"). During 1998, the Company decided to suspend funding activities associated with EV and directed its resources to developing and commercializing the Climate Control Seat ("CCS-TM-") and Radar for Maneuvering and Safety ("Radar"), which are both products of the Company's research. On May 26, 1999, the Shareholders of the Company voted to discontinue EV operations. As a result, the Company is now principally positioned to bring to market the CCS and Radar product lines and accordingly has incurred significant sales and marketing, prototype and engineering expenses to gain orders for production vehicles.

AUTO INDUSTRY. The Company is now operating in the auto industry. Inherent in this market are costs and expenses well in advance of the receipt of orders (and resulting revenues) from customers. This is due in part to the OEM requiring the coordination and testing of proposed new components and sub-systems. Revenues from these expenditures may not be realized for 2 to 3 years as the OEMs tend to group new components and enhancements into annual or every 2 to 3 year vehicle model introductions.

RESULTS OF OPERATIONS

SECOND QUARTER 1999 COMPARED WITH SECOND QUARTER 1998

REVENUES. Revenues for the three months ended June 30, 1999 ("Second Quarter 1999") were \$93,000 as compared with revenues of \$281,000 in the three months ended June 30, 1998 ("Second Quarter 1998"). The decrease in revenues was due primarily to the decrease in development programs for various Climate Control Seats ("CCS-TM-") and Radar prototype programs. The Company is currently in pre-production development of its CCS systems.

COST OF PRODUCT SALES. Cost of product sales decreased to \$11,000 in the Second Quarter 1999 from \$33,000 in the Second Quarter 1998 due to the decrease in shipments of CCS units in the Second Quarter 1999.

DIRECT DEVELOPMENT CONTRACT AND RELATED GRANT COSTS. Direct development contract and related grant costs incurred in the Second Quarter 1999 were \$439,000 compared to \$322,000 in

RESULTS OF OPERATIONS (CONT.)

the Second Quarter 1998. This is primarily due to the costs incurred in conjunction with the pre-production of the Climate Control Systems which are anticipated to be in production in late 1999.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses decreased to \$472,000 in Second Quarter 1999 from \$587,000 in Second Quarter 1998. The decrease was primarily due to the completion of prototype tooling associated with the Climate Control Seats in early 1999.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses decreased to \$741,000 in Second Quarter 1999 compared to \$957,000 in Second Quarter 1998. The change was due to a decrease in recruiting expenses and other outside services/consultants in the Second Quarter 1999. The Company expects SG&A expenses to increase as it hires additional employees in connection with the development of Radar products and the commencement of production and marketing of Climate Control Seats.

INTEREST INCOME. Net interest income in 1999 decreased due to a decline in cash balances as a result of those funds being used in operations. The Company also incurred interest expense of \$14,000 as a result of a bridge loan of \$1,200,000 and \$62,000 associated with the amortization of deferred financing costs.

SIX MONTHS 1999 COMPARED WITH SIX MONTHS 1998

REVENUES. Revenues for the six months ended June 30, 1999 ("1999") were \$412,000 as compared with revenues of \$319,000 in the six months ended June 30, 1998 ("1998"). The increase was due to an increase in direct development contracts associated with the Radar program and increased product shipments for the Climate Control Seat program in the beginning of 1999.

DIRECT DEVELOPMENT CONTRACT AND RELATED GRANT COSTS. Direct development contract and related grant costs increased to \$886,000 in 1999 from \$592,000 in 1998. This is primarily due to the costs incurred in conjunction with the pre-production of the Climate Control Seats anticipated to be in production in late 1999.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses decreased to \$1,007,000 in 1999 from \$1,105,000 in 1998. The decrease was due to the Company's shift of emphasis from research and development to direct development contracts and pre-production efforts associated with the anticipated contracts with Climate Control Seats.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses decreased to \$1,600,000 in 1999 compared to \$1,970,000 in 1998. The change was due to a decrease in recruiting expenses and other outside services/consultants in 1999. The Company expects SG&A expenses to increase as it hires additional employees in connection

RESULTS OF OPERATIONS (CONT.)

with the development of Radar products and the commencement of production and marketing of Climate Control Seats.

INTEREST INCOME. Net interest income in 1999 decreased to an expense due to a decline in cash balances as a result of those funds being used in operations. The Company also incurred interest expense of \$14,000 as a result of a bridge loan of \$1,200,000 and \$62,000 associated with the amortization of deferred financing costs.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1999, the Company had working capital of \$6,359,000. On June 8, 1999 the Company completed a financing (the "1999 Financing") with an investor group pursuant to which the Company sold 9,000 shares of Series A Convertible Preferred Stock for \$9,000,000. The Preferred Stock is convertible into Class A Common Stock. In addition, the Company issued warrants to purchase up to 1,214,814 shares of Class A Common Stock. The warrants are exercisable only to the extent certain other warrants to purchase Class A Common Stock are exercised and then only in an amount that will enable the Investors to maintain the same percentage interest in the Company that they have in the Company after the initial investment on a fully converted basis. This transaction was approved by the shareholders at the 1999 Annual Meeting.

The Company's principal sources of operating capital have been the proceeds of its various financing transactions and, to a lesser extent, revenues from grants, development contracts and sale of prototypes to customers.

The Company is expecting to enter into a production contract with Johnson Controls for the Climate Control Seats by the end of 1999. The Company has spent to date \$892,000 for tooling, equipment and materials needed for this anticipated contract. The Company expects to spend an additional \$400,000 for this product line in 1999. These expenses have been offset by reimbursements of \$144,000 from Johnson Controls, to date.

Cash and cash equivalents increased by \$3,228,000 in 1999 primarily due to the cash raised by the 1999 Financing. This was offset by the cash used in operating activities of \$3,406,000, which was mainly attributable to the net loss of \$3,184,000 before loss from discontinued operations of \$19,000 associated with the electric vehicle program. Investing activities used \$2,053,000 as the Company made short term investments in government securities of \$1,854,000. Financing activities provided \$8,706,000 due primarily to \$8,624,000 from net proceeds of the 1999 Financing.

Until the Company is selling units in the automotive market with an appropriate margin and volume, the Company expects to incur losses for the foreseeable future. Even with the anticipation of volume production for a model 2000 luxury SUV platform, the revenue generated from the initial orders will not be sufficient to meet the Company's operating needs. The Company will need to raise additional

LIQUIDITY AND CAPITAL RESOURCES (CONT.)

cash from financing sources before the Company can achieve profitability from its operations. There can be no assurance that profitability can be achieved in the future. Although the Company has begun limited production on its Climate Control Seat product, larger orders for the seat product and the ability to begin production on the Radar product will require significant expenses for tooling and to set up manufacturing and/or assembly processes. The Company also expects to require significant capital to fund other near-term production engineering and manufacturing, as well as research and development and marketing of these products. The Company does not intend to pursue any more significant grants or development contracts to fund operations and therefore is highly dependent on its current working capital sources. Future financing may be required in any case and there can be no assurance that additional financing will be available in the future.

YEAR 2000 IMPACT

An issue affecting Amerigon and others is the ability of many computer systems and applications to process the Year 2000 and beyond ("Y2K"). To address this problem, in 1998, Amerigon initiated a Y2K program to manage the Company's overall Y2K compliance effort. A team of internal staff is managing the program with assistance of some outside consultants. The team's activities are designed to ensure that there are no material adverse effects on the Company.

The Company has completed the assessment phase of its internal information services computer systems associated with the Year 2000. The Company is currently assessing Y2K issues related to its non-information technology systems used in product development, engineering, manufacturing and facilities. The Company expected that updates to existing systems for Y2K compliance would be completed by July 1, 1999. Due to the limited resources available during the second quarter 1999, the scheduled completion date has been moved to September 1, 1999.

The Company is also working with its significant suppliers and financial institutions to ensure that those parties have appropriate plans to address Y2K issues where their systems interface with the Company's systems or otherwise impact its operations. The Company has communicated in writing with all of its principal suppliers to confirm their status in regards to Y2K issues. The Company is assessing the extent to which its operations are vulnerable should those organizations fail to properly remedy their computer systems. The Company does not anticipate that potential Y2K issues at the customer level will have a material adverse effect on its ability to conduct normal business.

The Company's Y2K program is well under way and, based on the results of its assessment to date, is expected to be complete by September 1999. While the Company believes its planning efforts are adequate to address its Y2K concerns, there can be no assurance that the systems of other companies on which the Company's systems and operations rely will be converted on a timely basis and will not have a material adverse effect on the Company. The Company has not identified a need to develop an extensive contingency plan for non-remediation issues at this time. The need for such a plan is evaluated on an ongoing basis as part of the Company's overall Year 2000 initiative.

YEAR 2000 IMPACT (CONT.)

Based on the Company's assessment to date, the costs of the Year 2000 initiative (which are expensed as incurred) are estimated to be approximately \$20,000.

The cost of the project and the date on which the Company believes it will complete its Year 2000 initiative are forward-looking statements and are based on management's best estimate, according to information available through the Company's assessments to date. However, there can be no assurance that these estimates will be achieved, and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the retention of these professions, the ability to locate and correct all relevant computer codes, and similar uncertainties. At present, the Company has not experienced any significant problems in these areas.

OTHER INFORMATION

Certain matters discussed or referenced in this report, including the Company's intention to develop, manufacture and market Climate Control Seats and Radar products and the Company's expectation of reduced revenues and continuing losses for the foreseeable future, 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", "continue", or similar terms, variations of such terms or the negative of such terms. Such statements are based upon management's current expectations and are subject to a number of risks and uncertainties which could cause actual results to differ materially from those described in the forward looking statements. Such risks and uncertainties include the market demand for and performance of the Company's products, the Company's ability to develop, market and manufacture such products successfully, the viability and protection of the Company's patents and other proprietary rights, and the Company's ability to obtain new sources of financing. Additional risks associated with the Company and its business and prospects are described in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

ITEM 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK

There have been no material changes since the Form 10-K was filed for the Company's year ended December 31, 1998.

OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(b) The Series A Convertible Preferred Stock votes with Common Stock of the Company on an "as converted" basis and, under certain circumstances, also has a separate class vote. As of June 8, 1999, the Series A Convertible Preferred Stock purchased by Westar Capital LLC and Big Beaver Investments LLC (the "Investors") represented approximately 74% of the voting power of the Company on an as-converted basis.

Pursuant to the terms of the Series A Convertible Preferred Stock, the size of the Board of Directors was fixed at 7 and the holders of the Series A Convertible Preferred Stock have the right to elect 5 of the 7 Directors. As part of the 1999 Financing, all then-current members of the Board of Directors except Lon E. Bell, Richard A. Weisbart and John W. Clark were required to resign. Michael R. Peevey resigned. Roy A. Anderson did not since he was designated as a continuing director by one of the holders of the Series A Convertible Preferred Stock. On June 23, 1999 Oscar (Bud) Marx III, Paul Oster and James J. Paulsen were appointed to the Board of Directors, joining Lon E. Bell, Richard A. Weisbart, John W. Clark and Roy A. Anderson.

(c) On June 8, 1999 the Company completed a private placement of 4,500 shares of Convertible Preferred Stock designated as Series A Convertible Preferred Stock as well as five contingent warrants to each of the two Investors. The Investors paid consideration in an aggregate amount of \$9,001,000 for the Series A Convertible Preferred Stock and the contingent warrants. The net proceeds to the Company were approximately \$6,901,000, reflecting transaction costs and the repayment of a \$1.2 million bridge loan from an affiliate of the Investors and were applied to general corporate purposes.

The Series A Convertible Preferred Stock has voting rights equal to the number of shares the Series A Convertible Preferred Stock is convertible into and the Series A Convertible Preferred Stock can convert into a number of shares of Common Stock of the Company, no par value, equal to the Series A Convertible Preferred Stock's liquidation preference divided by the conversion price. Each share of Series A Convertible Preferred Stock has a liquidation preference equal to \$1,000 plus accrued but unpaid dividends and an initial conversion price of \$1.675, subject to anti-dilution adjustment. The contingent warrants are exercisable only to the extent that warrants held by entities other than the Investors are exercised, at an exercise price equivalent to those entities and each contingent warrant expires shortly after the warrant which it tracks expires. The Series A Convertible Preferred Stock and the contingent warrants were exempt from registration under Section 4(2) of the Securities Act of 1933.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS (CONT.)

On June 8, 1999 the Company issued six warrants to purchase up to an aggregate of 20,000 shares of Common Stock of the Company to affiliates of Spencer Trask Securities, Inc. pursuant to the terms of the Engagement Letter dated November 6, 1998. The warrants, which expire in June 2004, allow the various holders to purchase shares of Common Stock of the Company at \$2.67 per share. The warrants were exempt from registration under Section 4(2) of the Securities Act of 1933.

Effective June 23, 1999 the Company granted to Michael R. Peevey an option to purchase up to 4,000 shares of Common Stock of the Company in compensation for services to be rendered to the Company as a consultant. The option, which will expire in June 2004, allows Michael R. Peevey to purchase Common Stock of the Company at \$3.06 per share. The option was exempt from registration under Section 4(2) of the Securities Act of 1933.

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

The Annual Meeting of Shareholders was held on May 26, 1999. The following summarizes each matter voted upon at the meeting and the number of votes cast for or against and the number of abstentions.

1. As to the election of directors, the number of votes cast as to each nominee was as follows:

Nominee	For	Against	Abstain
Lon. E. Bell	2,292,103	0	7,992
Richard A. Weisbart	2,292,103	0	7,992
Roy A. Anderson	2,292,103	0	7,992
John W. Clark	2,292,103	0	7,992
Michael R. Peevey	2,292,103	0	7,992

2. As to approval of the transactions contemplated by the Securities Purchase Agreement, including the issuance of shares of Series A Convertible Preferred Stock and Contingent Warrants and the Investors' Rights Agreement:

For	Against	Abstain	Broker Non-Votes
1,257,201	28,188	6,580	1,008,126

3. As to approval of the exchange of Amerigon's shares in its Electrical Vehicle subsidiary for the shares of Class B Common Stock held by Dr. Lon Bell pursuant to the Share Exchange Agreement:

For	Against	Abstain	Broker Non-Votes
554,837	39,949	7,540	1,008,126

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1 Articles of Incorporation, as amended

3.2 Certificate of Determination of Preferences of Rights,
Preferences and Privileges of The Series A Preferred Stock of
Amerigon Incorporated

10.1 Investors' Rights Agreement (1)

27. Financial Data Schedule

(b) Reports on Form 8-K

1. Current Report on Form 8-K, event date June 8, 1999 (items 1
and 7).

(1) Incorporated by reference to exhibit 5.2 on the Company's Current
Report on Form 8-K, event date June 8, 1999.

SIGNATURE

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

Date: August 13, 1999

/s/ Richard A. Weisbart

Richard A. Weisbart
Chief Executive Officer

/s/ Sandra L. Grouf

Sandra L. Grouf
Controller
(Principal Accounting Officer)

(20)

[LOGO]

SECRETARY OF STATE

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal of
the State of California this day of
January 26, 1999

[SEAL]

/s/ Bill Jones

Secretary of State

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
AMERIGON INCORPORATED

Lon E. Bell and Scott O. Davis certify that:

1. They are the duly elected and acting Chairman of the Board and Secretary, respectively, of Amerigon Incorporated, a California corporation (the "Corporation").

2. Article III, paragraph (1) of the Corporation's Amended and Restated Articles of Incorporation is amended to read as follows:

"(1) The total number of shares which the Corporation is authorized to issue is 25,600,000, of which 20,000,000 shall be Class A Common Stock, without par value, 600,000 shall be Class B Common Stock, without par value, and 5,000,000 shall be Preferred Stock, without par value.

On the effective date of the filing of this Amendment to the Amended and Restated Articles of Incorporation (the "Effective Date"), the Class A Common Stock of the Corporation will be reverse split on a one-for-five basis so that each share of Class A Common Stock issued and outstanding immediately prior to the Effective Date shall automatically be converted into and reclassified as one-fifth a share of Class A Common Stock (the "Reverse Split"). No fractional shares will be issued by the Corporation as a result of the Reverse Split. In lieu thereof, each shareholder whose shares of Class A Common Stock are not evenly divisible by five will receive an amount of cash equal to the average of the last sale price of the pre-split Class A Common Stock, as reported on the NASDAQ Small Cap Market (or other market on which the Class A Common Stock is trading) for the ten trading days immediately preceding the Effective Date."

3. The foregoing amendment of the Amended and Restated Articles of Incorporation has been duly approved by the Board of Directors of the Corporation.

4. The Corporation has only shares of Class A Common Stock outstanding. The foregoing amendment has been duly approved by the required vote of shareholders in accordance with Section 902 of the California General Corporation Law; the total number of outstanding shares of the Corporation is 12,550,445; the number of shares voting in favor of the amendment equaled or exceeded the vote required; and the percentage vote required was more than 50% of the outstanding shares.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Irwindale, California, on January 25, 1999.

/s/ Lon E. Bell

Lon E. Bell

/s/ Scott O. Davis

Scott O. Davis

[SEAL]

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
AMERIGON INCORPORATED

Lon E. Bell and Joshua M. Newman certify that:

1. They are the duly elected and acting Chairman of the Board and Secretary, respectively, of Amerigon Incorporated, a California corporation (the "Corporation").

2. Article III, paragraph (1) of the Corporation's Amended and Restated Articles of Incorporation are amended to read as follows:

"(1) The total number of shares which the Corporation is authorized to issue is 48,000,000 of which 40,000,000 shall be Class A Common Stock, without par value, 3,000,000 shall be Class B Common Stock, without par value, and 5,000,000 shall be Preferred Stock, without par value."

3. The foregoing amendment of the Amended and Restated Articles of Incorporation has been duly approved by the Board of Directors of the Corporation.

4. The foregoing amendment has been duly approved by the required vote of shareholders in accordance with Section 902 of the California General Corporation Law; there are a total of 7,068,500 shares of Class A Common Stock outstanding and no shares of Class B Common Stock or Preferred Stock outstanding; the number of shares of Class A Common Stock voting in favor of the amendment equaled or exceeded the vote required; and the percentage vote required was more than 50% of the outstanding shares of Class A Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Monrovia, California, on November 27, 1996.

/s/ Lon E. Bell

Lon E. Bell

/s/ Joshua M. Newman

Joshua M. Newman

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
AMERIGON INCORPORATED

Dr. Lon E. Bell and Joshua Newman certify that:

1. They are the President and Secretary of Amerigon Incorporated, a California corporation (the "Corporation").
2. The Articles of Incorporation of the Corporation are amended and restated to read as follows:

I

The name of the Corporation is Amerigon Incorporated.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

(1) The total number of shares which the corporation is authorized to issue is 25,000,000, of which 17,000,000 shall be Class A Common Stock, without par value, 3,000,000 shall be Class B Common Stock, without par value, and 5,000,000 shall be Preferred Stock, without par value. Upon the amendment of this Article to read as herein set forth, each outstanding share of Common Stock is split-up and reconstituted into 40 shares of Class A Common Stock.

(2) The Class A Common Stock and the Class B Common Stock shall be identical in all respects and shall have equal rights and privileges, except as provided otherwise in this Article III.

Dividend and Liquidation Distributions. The Class B Common Stock will be entitled to receive, on a per share basis, only five percent (5%) of the dividends as may be declared by the Board of Directors on the Class A Common Stock, and five percent (5%) of the amount receivable by Class A Common Stock upon liquidation or distribution.

1.

(3) The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized to fix the number of shares of any series of Preferred Stock and to determine the designation of any such series. The Board of Directors is also authorized to determine or alter the voting and other rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

IV

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

V

The Corporation is authorized to indemnify the agents (as defined in Section 317 of the Corporations Code) of the Corporation to the fullest extent permissible under California law.

3. The foregoing amendment and restatement of the Corporation's Articles of Incorporation have been duly approved by the Board of Directors.

4. The foregoing amendment and restatement of the Corporation's Articles of Incorporation have been duly approved by the required vote of the shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the Corporation is 100,000. The number of shares voting in favor of the amendment and restatement equaled or exceeded the vote required. The percentage vote required was more than 50%.

5. We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: April 20, 1993

/s/ Lon E. Bell

Dr. Lon E. Bell, President

/s/ Joshua Newman

Joshua Newman,
Secretary

ARTICLES OF INCORPORATION
OF
AMERIGON INCORPORATED

The undersigned, desiring to form a corporation under the laws of the State of California, declares:

FIRST: The name of this corporation is:
 Amerigon Incorporated

SECOND: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

THIRD: The name and address in this state of the corporation's initial agent for service of process is Lon Bell, 425 East Huntington Drive, Monrovia, California 91096.

FOURTH: The corporation is authorized to issue 100,000 shares of capital stock, all of one class, to be designated "Common Stock".

Dated: April 22, 1991

/s/ Lon Bell

LON BELL, Incorporator

CERTIFICATE OF DETERMINATION
OF RIGHTS, PREFERENCES AND PRIVILEGES
OF
THE SERIES A PREFERRED STOCK
OF
AMERIGON INCORPORATED

Pursuant to the Provisions of Section 401 of the
General Corporation Law of the State of California

The undersigned, Lon E. Bell and Sandra L. Grouf, the Chairman of the Board and Assistant Secretary, respectively, of Amerigon Incorporated, a California corporation (the "Corporation"), do hereby certify as follows:

A. That the following resolution designates nine thousand shares of Series A Preferred Stock, and that as of the date hereof, no shares of Series A Preferred Stock have been issued or are outstanding.

B. That the Board of Directors of the Corporation, pursuant to the authority so vested in it by the Articles of Incorporation of the Corporation and in accordance with the provisions of Section 401 of the General Corporation Law of the State of California, adopted the following resolution creating a series of Preferred Stock designated as "Series A Preferred Stock":

WHEREAS, THE ARTICLES OF INCORPORATION OF THIS CORPORATION AUTHORIZE THE ISSUANCE OF ONE OR MORE SERIES OF PREFERRED STOCK ("PREFERRED STOCK") OF THE CORPORATION AND AUTHORIZE THE BOARD OF DIRECTORS TO DETERMINE THE RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS GRANTED TO OR IMPOSED UPON ANY WHOLLY UNISSUED SERIES OF PREFERRED STOCK AND TO FIX THE NUMBER OF SHARES OF SUCH SERIES;

NOW, THEREFORE, BE IT RESOLVED, THAT PURSUANT TO THE AUTHORITY EXPRESSLY GRANTED TO AND VESTED IN THE BOARD OF DIRECTORS OF THE CORPORATION PURSUANT TO THE ARTICLES OF INCORPORATION, THERE IS HEREBY CREATED ONE SERIES OF PREFERRED STOCK, WITHOUT PAR VALUE, OF THE CORPORATION WHICH SHALL BE DESIGNATED "SERIES A PREFERRED STOCK." THE NUMBER OF SHARES OF SERIES A PREFERRED STOCK AUTHORIZED FOR ISSUANCE IS NINE THOUSAND. IN ADDITION TO THOSE SET FORTH IN THE ARTICLES OF INCORPORATION OF THE CORPORATION, THE SERIES A PREFERRED STOCK SHALL HAVE THE POWERS AND PREFERENCES, THE RELATIVE, PARTICIPATING, OPTIONAL OR OTHER RIGHTS, AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS SET FORTH BELOW:

1. Dividend Provisions. Subject to the rights of series of Preferred Stock which may from time to time come into existence, the holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, in an amount equal to the dividends that would be paid on the outstanding Class A Common Stock of the corporation into which the Series A Preferred Stock is convertible on an as converted basis, payable when , as and if declared by the Board of Directors.

2. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of this corporation, either voluntary or involuntary, subject to the rights of series of Preferred Stock that may from time to time come into existence, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of this corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of (i) \$1,000 for each outstanding share of Series A Preferred Stock (the "Original Series A Issue Price"), (ii) an amount equal to 7% of the Original Series A Issue Price annually, but only until the fourth anniversary of the issuance of the Series A Preferred Stock, and (iii) an amount equal to any declared but unpaid dividends on such share (the amounts in (ii) and (iii) being referred to herein as the "Premium"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then, subject to the rights of series of Preferred Stock that may from time to time come into existence, the entire assets and funds of the corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the amount of such stock owned by each such holder.

(b) Upon the completion of the distribution required by subparagraph (a) of this Section 2 and any other distribution that may be required with respect to series of Preferred Stock that may from time to time come into existence, if assets remain in this corporation, the holders of the Common Stock of this corporation, shall receive all of the remaining assets of the corporation.

(c)(i) For purposes of this Section 2, a liquidation, dissolution or winding up of this corporation shall be deemed to be occasioned by, or to include, (A) the acquisition of the corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the corporation); or (B) a sale of all or substantially all of the assets of the corporation; unless the corporation's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the corporation's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity.

(ii) In any of such events, if the consideration received by the corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability:

(1) If traded on a securities exchange or on the NASDAQ National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter or on NASDAQ (other than on the National Market), the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the corporation.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors of the corporation.

(iii) In the event the requirements of this subsection 2(c) are not complied with, this corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(c)(iv) hereof.

(iv) The corporation shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to (A) the date of the shareholders' meeting called to approve such transaction, (B) the effective date of a written consent of the shareholders to approve the transaction, or (C) the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and the corporation shall thereafter give such holders prompt notice of any material changes relating to the transaction. The transaction shall in no event take place sooner than twenty (20) days after the corporation has given the first notice provided for herein or sooner than ten (10) days after the corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock

that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

3. Redemption.

(a) Subject to the rights of series of Preferred Stock which may from time to time come into existence, on or at any time after January 1, 2003, this corporation may at any time it may lawfully do so, at the option of the Board of Directors, redeem in whole or in part the Series A Preferred Stock (such date of redemption is referred to herein as the "Series A Redemption Date") by paying in cash therefor a sum equal to the Original Series A Issue Price plus the Premium, as adjusted for any stock dividends, combinations or splits with respect to such shares (the "Series A Redemption Price"); provided, however, that this corporation may only redeem shares of Series A Preferred Stock hereunder if the average of the closing prices of the Class A Common Stock as reported by Nasdaq (or such other exchange or market on which the shares are then traded) for the sixty trading days preceeding the date the notice of redemption is given in accordance with subsection (b) is at least 4 times greater than the then applicable Conversion Price (as defined in Section 4(a) below) . Any redemption effected pursuant to this subsection (3)(a) shall be made on a pro rata basis among the holders of the Series A Preferred Stock in proportion to the number of shares of Series A Preferred Stock then held by them.

(b) As used herein and in subsection (3)(c) and (d) below, the term "Redemption Date" shall refer to each "Series A Redemption Date" and the term "Redemption Price" shall refer to each "Series A Redemption Price." Subject to the rights of series of Preferred Stock which may from time to time come into existence, at least fifteen (15) but no more than thirty (30) days prior to each Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock to be redeemed, at the address last shown on the records of this corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to this corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares to be redeemed (the "Redemption Notice"). Except as provided in subsection (3)(c) on or after the Redemption Date, each holder of Series A Preferred Stock to be redeemed shall surrender to this corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(c) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series A Preferred Stock designated for redemption in the Redemption Notice as holders of Series A Preferred Stock (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of this corporation or be deemed to be outstanding for

any purpose whatsoever. Subject to the rights of series of Preferred Stock which may from time to time come into existence, if the funds of the corporation legally available for redemption of shares of Series A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their holdings of Series A Preferred Stock. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. Subject to the rights of series of Preferred Stock which may from time to time come into existence, at any time thereafter when additional funds of the corporation are legally available for the redemption of shares of Series A Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(d) On or prior to each Redemption Date, this corporation shall deposit the Redemption Price of all shares of Series A Preferred Stock designated for redemption in the Redemption Notice, and not yet redeemed or converted, with a bank or trust corporation having aggregate capital and surplus in excess of \$100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust corporation to publish the notice of redemption thereof and pay the Redemption Price for such shares to their respective holders on or after the Redemption Date, upon receipt of notification from the corporation that such holder has surrendered his, her or its share certificate to the corporation pursuant to subsection (3)(b) above. As of the date of such deposit (even if prior to the Redemption Date), the deposit shall constitute full payment of the shares to their holders, and from and after the date of the deposit the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust corporation payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor, and the right to convert such shares as provided in Section 4 hereof. Such instructions shall also provide that any moneys deposited by the corporation pursuant to this subsection (3)(d) for the redemption of shares thereafter converted into shares of the corporation's Common Stock pursuant to Section 4 hereof prior to the Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any moneys deposited by this corporation pursuant to this subsection (3)(d) remaining unclaimed at the expiration of two (2) years following the Redemption Date shall thereafter be returned to this corporation upon its request expressed in a resolution of its Board of Directors.

4. Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share and on or prior to the fifth day prior to the Redemption Date, if any, as may have been fixed in any Redemption Notice with respect to the Series A Preferred Stock, at the office of this corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing the Original

Series A Issue Price by the conversion price ("Conversion Price") applicable to such share, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for shares of Series A Preferred Stock shall be \$1.675; provided, however, that the Conversion Price for the Series A Preferred Stock shall be subject to adjustment as set forth in subsection 4(d).

(b) Automatic Conversion. Each share of Series A Preferred Stock shall automatically be converted into shares of Class A Common Stock at the Conversion Price at the time in effect for such Series A Preferred Stock immediately upon the date specified by written consent or agreement of the holders of a majority of the then outstanding shares of Series A Preferred Stock.

(c) Mechanics of Conversion. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Class A Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of this corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice to this corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Class A Common Stock are to be issued. This corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, the conversion may, at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Class A Common Stock upon conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(d) Conversion Price Adjustments of Preferred Stock for Certain Dilutive Issuances, Splits and Combinations. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(i) In the event the corporation should at any time or from time to time after the date upon which any shares of Series A Preferred Stock were first issued (the "Purchase Date" with respect to such series) fix a record date for the effectuation of a split or subdivision of the outstanding shares of Class A Common Stock or the determination of holders of Class A Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class A Common Stock without payment of any consideration by such holder for the additional shares of Class A Common Stock, then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Class A Common Stock issuable on conversion of each share of such series shall be

increased in proportion to such increase of the aggregate of shares of Class A Common Stock outstanding. In the event the corporation shall declare or pay, without consideration, any dividend on the Class A Common Stock payable in any right to acquire Class A Common Stock for no consideration, then the corporation shall be deemed to have made a dividend payable in Class A Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Class A Common Stock.

(ii) If the number of shares of Class A Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Class A Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(iii) All adjustments to the Conversion Price will be calculated to the nearest cent of a dollar. No adjustment in the Conversion Price will be required unless such adjustment would require an increase or decrease of at least one cent per dollar; provided, however, that any adjustments which by reason of this Section 4(d)(iii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Conversion Price shall be made successively.

(e) Other Distributions. In the event this corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(d), then, in each such case for the purpose of this subsection 4(e), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Class A Common Stock of the corporation into which their shares of Series A Preferred Stock are convertible as of the record date fixed for the determination of the holders of Class A Common Stock of the corporation entitled to receive such distribution.

(f) Recapitalizations and Reorganizations. If the Class A Common Stock issuable upon conversion of the Series A Preferred Stock shall be changed into or exchanged for a different class or classes of capital stock, or other securities or property whether by reorganization, recapitalization or otherwise (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or Section 2) provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property, to which a holder of Class A Common Stock deliverable upon conversion would have been entitled on such recapitalization or reorganization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization or reorganization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) No Impairment. This corporation will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by this corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(h) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock, and the number of shares of Class A Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Class A Common Stock and the number of shares of Class A Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to this Section 4, this corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Class A Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

(i) Notices of Record Date. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right (except the right to vote), this corporation shall mail to each holder of Series A Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(j) Reservation of Stock Issuable Upon Conversion. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock,

in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to these articles.

(k) Notices. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of this corporation.

5. Voting Rights. The holder of each share of Series A Preferred Stock shall have the right to one vote for each share of Class A Common Stock into which such Series A Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Class A Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting in accordance with the bylaws of this corporation, and, except with respect to the election of directors as provided in Section 6 hereof, shall be entitled to vote, together with holders of Class A Common Stock, with respect to any question upon which holders of Class A Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Series A Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

6. Board of Directors. So long as at least 40% of the authorized shares of Series A Preferred Stock are outstanding, the holders of Series A Preferred Stock, voting as a class, shall be entitled to elect five directors and the holders of Common Stock, voting as a class, shall be entitled to elect two directors. So long as at least 40% of the authorized shares of Series A Preferred Stock are outstanding, this corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, change the authorized number of directors of the corporation.

7. Status of Converted or Redeemed Stock. In the event any shares of Series A Preferred Stock shall be redeemed or converted pursuant to Section 3 or Section 4 hereof, the shares so converted or redeemed shall be cancelled and shall not be issuable by the corporation. The Articles of Incorporation of this corporation shall be appropriately amended to effect the corresponding reduction in the corporation's authorized capital stock.

8. Repurchase of Shares. In connection with repurchases by this corporation of its Common Stock pursuant to its agreements with certain of the holders thereof, Sections 502 and 503 of the California General Corporation Law shall not apply in whole or in part with respect to such repurchases.

IN WITNESS WHEREOF, this Certificate is signed by Lon E. Bell,
Chairman of the Board, and Sandra L Group, acting Chief Financial Officer, as
of this 24th day of May, 1999.

/s/ LON E. BELL
Lon E. Bell, Chairman of the Board

/s/SANDRA L. GROUF
Sandra L. Group, Assistant Secretary

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

/s/ LON E. BELL
Lon E. Bell, Chairman of the Board

/s/SANDRA L. GROUF
Sandra L. Groupf, Assistant Secretary

6-MOS

DEC-31-1999

JAN-01-1999

JUN-30-1999

4,895

1,854

227

(42)

168

391

268

(100)

8,105

1,134

0

0

8,279

28,149

(29,477)

8,105

27

412

43

3,536

0

0

60

0

0

(3,184)

(19)

0

0

(3,203)

(1.71)

(1.71)