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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

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

At October 28, 2010, the registrant had 21,805,247 shares of Common Stock, no par value, issued and outstanding.

AMERIGON INCORPORATED

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERIGON INCORPORATED

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

	September 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Current Assets:		
Cash & cash equivalents	$ 25,235	$ 21,677
Short-term investments	10,212	6,704
Accounts receivable, less allowance of $799 and $292, respectively	23,508	15,073
Inventory	3,389	2,541
Deferred income tax assets	2,605	927
Prepaid expenses and other assets	1,517	780
Total current assets	66,466	47,702
Equity Investment	—	22
Property and equipment, net	4,142	3,271
Patent costs, net of accumulated amortization of $651 and $490, respectively	4,465	3,727
Deferred income tax assets	2,014	7,133
Other non-current assets	857	527
Total assets	$ 77,944	$ 62,382
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 16,711	$ 10,222
Accrued liabilities	4,239	3,738
Deferred manufacturing agreement – current portion	100	200
Total current liabilities	21,050	14,160
Pension Benefit Obligation	565	377
Deferred manufacturing agreement – long-term portion	—	50
Total liabilities	21,615	14,587
Shareholders' equity:		
Common Stock:		
No par value; 30,000,000 shares authorized, 21,805,247 and 21,486,309 issued and outstanding at September 30, 2010 and December 31, 2009, respectively	63,589	61,971
Paid-in capital	24,612	23,986
Accumulated other comprehensive income	127	59
Accumulated deficit	(31,134)	(37,782)
Total Amerigon, Inc. shareholders' equity	57,194	48,234
Non-controlling interest	(865)	(439)
Total shareholders' equity	56,329	47,795
Total liabilities and shareholders' equity	$ 77,944	$ 62,382

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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Product revenues	$30,486	$18,442	$83,486	$39,327
Cost of sales	21,681	13,897	59,334	29,833
Gross margin	8,805	4,545	24,152	9,494
Operating expenses:				
Research and development	2,789	1,935	9,158	6,273
Research and development reimbursements	(490)	(613)	(2,193)	(1,631)
Net research and development expenses	2,299	1,322	6,965	4,642
Selling, general and administrative	2,498	2,004	7,449	6,319
Total operating expenses	4,797	3,326	14,414	10,961
Operating income (loss)	4,008	1,219	9,738	(1,467)
Interest income (expense)	9	(7)	9	19
Loss from equity investment	—	(123)	(22)	(123)
Other income	37	33	109	130
Earnings (loss) before income tax	4,054	1,122	9,834	(1,441)
Income tax expense (benefit)	1,492	333	3,612	(425)
Net income (loss)	2,562	789	6,222	(1,016)
Plus: Loss attributable to non-controlling interest	129	342	426	342
Net income (loss) attributable to Amerigon, Inc.	$ 2,691	$ 1,131	$ 6,648	$ (674)
Basic earnings (loss) per share	$ 0.12	$ 0.05	$ 0.31	$ (0.03)
Diluted earnings (loss) per share	$ 0.12	$ 0.05	$ 0.30	$ (0.03)
Weighted average number of shares – basic	21,713	21,470	21,623	21,375
Weighted average number of shares – diluted	22,488	22,082	22,355	21,375

See accompanying notes to the consolidated condensed financial statements.

AMERIGON INCORPORATED

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

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Operating Activities:		
Net income (loss)	$ 6,222	$ (1,016)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	1,014	1,149
Deferred tax provision (benefit)	3,440	(587)
Stock option compensation	971	937
Defined benefit plan expense	188	142
Loss from equity investment	22	123
Changes in operating assets and liabilities:		
Accounts receivable	(8,931)	(6,441)
Inventory	(849)	503
Prepaid expenses and other assets	(336)	(214)
Accounts payable	6,489	5,437
Accrued liabilities	447	229
Net cash provided by operating activities	8,677	262
Investing Activities:		
Purchases of short-term investments	(8,895)	—
Maturities of short-term investments	5,388	—
Purchase of ZT Plus assets, net of cash acquired	(1,500)	—
Equity investment	—	(104)
Cash invested in corporate owned life insurance	(266)	(271)
Purchase of property and equipment	(553)	(420)
Patent costs	(617)	(686)
Net cash used in investing activities	(6,443)	(1,481)
Financing Activities:		
Proceeds from the exercise of Common Stock options	1,256	816
Net cash provided by financing activities	1,256	816
Foreign currency effect	68	4
Net (decrease) increase in cash and cash equivalents	3,558	(399)
Cash and cash equivalents at beginning of period	21,677	25,303
Cash and cash equivalents at end of period	$25,235	$24,904
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 306	$ 374
Supplemental disclosure of non-cash transactions:		
Issuance of Common Stock under the 2006 Equity Incentive Plan	$ 17	$ 324
Contribution to equity investment	$ —	$ 404

See accompanying notes to the consolidated condensed financial statements.

AMERIGON INCORPORATED

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

	Common Stock		Paid-in	Accumulated	Loss on Pension Benefit	Currency Translation	Total Amerigon	Non-Controlling	
	Shares	Amount	Capital	Deficit	Obligation	Adjustment	Equity	Interest	Total
Balance at December 31, 2009	21,486	$61,971	$23,986	$ (37,782)	$ (24)	$ 83	$48,234	$ (439)	$47,795
Exercise of Common Stock options for cash	316	1,601	(345)	—	—	—	1,256	—	1,256
Common Stock issued to employees and consultants	3	17	—	—	—	—	17	—	17
Stock option compensation	—	—	971	—	—	—	971	—	971
Loss attributable to non-controlling interest								(426)	(426)
Comprehensive income:									
Currency translation	—	—	—	—	—	68			
Net income	—	—	—	6,648	—	—			
Total comprehensive income							6,716	—	6,716
Balance at September 30, 2010	21,805	$63,589	$24,612	$ (31,134)	$ (24)	$ 151	$57,194	$ (865)	$56,329

See accompanying notes to the condensed consolidated financial statements.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 – The Company

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 September 30, 2010, we have shipped over 6.5 million units of our CCS product to customers since 2000. Our CCS product is currently offered as an optional feature on 49 automobile models produced by Ford Motor Company, General Motors Corporation, Toyota Motor Corporation, Nissan Motors, Honda Motor Company, Hyundai Corporation and Kia Motors. Tata Motors, Ltd. features CCS on its Jaguar and Land Rover luxury brands which it acquired from Ford Motor Company in 2008.

Since the initial introduction of CCS, we have introduced new designs that incorporated improvements in electrical efficiency, size, weight, and noise and are more versatile. These include our Micro Thermal Module™ ("MTM™" or "MTM") technology and our CCS II configuration. Further improvements in engineering design are currently in development and are expected to be introduced on future vehicle models.

In 2008, we launched a heated and ventilated only variant of the CCS. This product works in a similar fashion to our CCS, only there is no active cooling capability and no TED. In the cooling mode, the vent only system will use the ambient cabin air to provide a degree of cooling comfort to the seat occupant. In the heating mode, the vent only system will be supplemented with more traditional resistive heating elements. This system has a lower price and is targeted to certain lower cost vehicle models and certain geographical markets.

We have been awarded a contract to manufacture a heated and cooled cup holder for the automotive market. The cup holder has been designed to be packaged in multiple configurations to accommodate different console environments. In addition to requiring low power consumption, it has proven automotive grade, ruggedness, high reliability and drink retention features. The cup holder will have two cup positions that will provide for separate temperature settings in each holder that allow the driver and passenger to individually control the heating or cooling of their respective beverages. The technology used in the cup holder is similar to that of the CCS system. The cup holder is expected to be launched in a full-size sedan by a major automotive manufacturer in the final quarter of 2010.

In September 2010, we launched our actively heated and cooled suite of luxury mattresses. The mattresses provide individual controls via two wireless remotes to actively heat and cool each side of the mattress independently. We sell the mattresses through U.S. based specialty mattress retailer, Mattress Firm, Incorporated ("Mattress Firm"). Mattress Firm has over 580 retail stores located across 22 states. The new mattresses are sold under the brand name YuMe™ and are available in King and Queen sizes.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)

On September 1, 2009, our subsidiary, BSST LLC ("BSST") entered into a partnership agreement with 5N Plus Inc., a Canadian corporation specializing in production of high-purity metals ("5N Plus"), to form ZT Plus. ZT Plus' objective is the development and testing of new materials that show increased thermoelectric efficiency. BSST purchased 5N Plus' 50% ownership of ZT Plus in March 2010 and is now the 100% owner (see Note 5).

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, 2009 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Operating results for the three and nine month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. For further information, refer to the consolidated financial statements and footnotes thereto for the year ended December 31, 2009 included in our Annual Report on Form 10-K.

The Company has evaluated subsequent events through the date that the consolidated condensed financial statements were issued. No events have taken place that meet the definition of a subsequent event that requires adjustment to or disclosure in this filing except for the amendment to our Revolving Line of Credit discussed in Note 7.

Recent Accounting Literature

Consolidation of Variable Interest Entities — Amended

The Financial Accounting Standards Board ("FASB") has issued changes to the accounting for variable interest entities. The changes provide guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. The changes include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. The changes are effective for the first annual reporting period beginning after November 15, 2009, with earlier adoption prohibited. The Company adopted the changes on January 1, 2010 which did not have a material impact on the Company's consolidated financial statements.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)

Note 3 – **Earnings per Share**

Basic earnings per common share are computed 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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Weighted average number of shares for calculation of basic EPS – Common Stock	21,713,337	21,470,209	21,622,971	21,375,015
Impact of stock options outstanding under the 1993, 1997 and 2006 Stock Option Plans	774,786	611,981	731,707	—
Weighted average number of shares for calculation of diluted EPS	22,488,123	22,082,190	22,354,678	21,375,015

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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Stock options outstanding under the 1993, 1997 and 2006 Stock Option Plans	147,950	997,828	441,814	2,526,828

Note 4 – Segment Reporting

The tables below present segment information about the reported product revenues and operating income of the Company for the three and nine month periods ended September 30, 2010 and 2009. Asset information by reportable segment is not reported since the Company does not manage assets at a segment level.

Three Months Ended September 30,	CCS	BSST [(1)]	Reconciling Items	Total
		(in Thousands)		
2010				
Product revenues	$30,309	$ 177	$ —	$30,486
Operating income (loss)	7,864	(1,358)	(2,498)[(2)]	4,008
2009				
Product revenues	$18,403	$ 39	$ —	$18,442
Operating income (loss)	4,062	(839)	(2,004)[(2)]	1,219

(1) BSST's operating loss for the three months ended September 30, 2010 and 2009 is net of $547,000 and $613,000, respectively, of reimbursed research and development costs.

(2) Represents corporate selling, general and administrative costs.

Nine Months Ended September 30,	CCS	BSST [(1)]	Reconciling Items	Total
		(in Thousands)		
2010				
Product revenues	$83,102	$ 384	$ —	$83,486
Operating income (loss)	21,648	(4,461)	(7,449)[(2)]	9,738
2009				
Product revenues	$39,118	$ 209	$ —	$39,327
Operating income (loss)	7,961	(3,109)	(6,319)[(2)]	(1,467)

(1) BSST's operating loss for the nine months ended September 30, 2010 and 2009 is net of $2,250,000 and $1,631,000, respectively, of reimbursed research and development costs.

(2) Represents corporate selling, general and administrative costs.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)

Note 4 – Segment Reporting – Continued

Product revenues information by geographic area:

	Three Months Ended September 30,			
	2010		2009	
	(in Thousands)			
North America	$17,483	57%	$12,381	67%
Asia	10,672	35%	4,881	27%
Europe	2,331	8%	1,180	6%
Total product revenues	$30,486	100%	$18,442	100%

	Nine Months Ended September 30,			
	2010		2009	
	(in Thousands)			
North America	$47,408	57%	$26,643	68%
Asia	29,314	35%	10,086	26%
Europe	6,764	8%	2,598	6%
Total product revenues	$83,486	100%	$39,327	100%

Note 5 – ZT Plus

On September 1, 2009, the Company’s subsidiary, BSST, and 5N Plus, a developer and producer of high-purity metals and compounds for electronic applications, formed a joint venture called ZT Plus. ZT Plus was formed as a general partnership with each of BSST and 5N Plus holding a 50% ownership interest. BSST and its university partners have performed extensive research into the development of the next generation of thermoelectric (“TE”) materials. They have successfully developed materials that, in small quantities and under certain specific conditions, significantly outperform the best presently available TE materials. The mission of ZT Plus is to allow for the completion of the development of these advanced materials and the creation of innovative manufacturing capabilities to produce the materials in volume, and in a cost-efficient manner. These materials are intended to enable the use of TE technology in a wide variety of heating and cooling and power generation applications for the industrial, consumer, medical, electronics and automotive markets.

Note 5 – ZT Plus – Continued

BSST's initial contribution in ZT Plus, which gave it a 50% ownership percentage, was comprised of certain intellectual property, intellectual property rights and laboratory equipment, along with organizational and formation costs and totaled $508,000. Our partner, 5N Plus, received an equal ownership percentage by providing a commitment to fund the venture's operating and capital expenditures up to a certain amount. We accounted for this initial investment under the equity method. BSST's 50% share of ZT Plus' operating losses since the venture's inception reduced this balance to zero prior to March 1, 2010. We recorded this as loss on equity investment during the fourth quarter of 2009 and the first quarter of 2010.

During March 2010, BSST agreed to purchase all of 5N Plus' 50% equity for $1,600,000 effective March 1, 2010. We recorded the purchase as follows:

Cash	$ 100,000
Receivable from 5N Plus	509,000
Research equipment	1,308,000
Deposits	10,000
Licenses and patents	283,000
Payable to BSST	(516,000)
Accrued liabilities	(94,000)
Total purchase price	$1,600,000

We plan on continuing the research activities of the venture and have therefore begun to fund its ongoing operating expenses beginning on March 1, 2010.

Note 6 – Derivative Financial Instruments

The Company began a foreign currency risk management strategy in January 2010 that includes the use of derivative financial instruments designed to protect our economic value from the possible adverse effects of currency fluctuations. We do not enter into derivative financial instruments for speculative or trading purposes. Our hedging relationships are formally documented at the inception of the hedge, and hedges must be highly effective in offsetting changes to future cash flows on hedged transactions both at the inception of a hedge and on an ongoing basis. We record the ineffective portion of hedging instruments, if any, to other income (expense) in the consolidated condensed statements of operations. At September 30, 2010, we had three outstanding forward contracts to purchase Japanese Yen with a total notional principal of approximately $1,231,000, which are summarized as follows:

Currency	Maturity Date	Notional Principal (local currency)	Contract Exchange Rate	Notional Principal (US Dollar)
Japanese Yen ¥	October 29, 2010	¥ 27,200,000	85.45 ¥/$	$ 318,000
Japanese Yen ¥	November 30, 2010	¥ 34,000,000	85.42 ¥/$	$ 398,000
Japanese Yen ¥	December 30, 2010	¥ 44,000,000	85.39 ¥/$	$ 515,000
		¥105,200,000		$1,231,000

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—(Continued)

Note 6 – Derivative Financial Instruments—Continued

We designated these forward contracts as cash flow hedges of foreign currency denominated firm commitments. Our objective in purchasing these forward contracts was to negate the impact of currency exchange rate movements on our operating results. We record effective spot-to-spot changes in these cash flow hedges in accumulated other comprehensive income until the hedged transaction takes place. We did not incur any hedge ineffectiveness during the three and nine month periods ended September 30, 2010 and 2009. We recorded gains of $9,000 and $26,000 from derivatives that matured designated as hedging instruments in cost of sales during the three and nine month periods ended September 30, 2010, respectively.

Note 7 – Subsequent Event

On October 27, 2010 the Company amended its Revolving Credit Line with Comerica Bank. The amendment extended the maturity date by one year to October 31, 2011, eliminated the Borrowing Base limitation and reduced the applicable margin to 1.75% from 3.00%. The amendment also changed requirements to maintain certain financial ratios including the inclusion of a maximum ratio of funded debt to EBITDA and the elimination of a minimum EBITDA level, each as therein defined. We also entered into a new cancellable revolving loan agreement, also with Comerica Bank, providing for an additional $5,000,000 in available borrowings. All other terms of the Revolving Credit Line were substantially unaffected by the amendment. As of September 30, 2010, we had no outstanding loans under the Revolving Credit Line and one letter of credit was outstanding totaling $450,000.

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 September 2010, we have shipped over 6.5 million units of our CCS product to customers since 2000. Our CCS product is currently offered as an optional feature on 49 automobile models produced by Ford Motor Company, General Motors Corporation, Toyota Motor Corporation, Nissan Motors, Honda Motor Company, Hyundai Corporation and Kia Motors. Tata Motors, Ltd. features CCS on its Jaguar and Land Rover luxury brands which it acquired from Ford Motor Company in 2008.

Since the initial introduction of CCS, we have introduced new designs that incorporated improvements in electrical efficiency, size, weight, and noise and are more versatile. These include our Micro Thermal Module™ ("MTM™" or "MTM") technology and our CCS II configuration. Further improvements in engineering design are currently in development and are expected to be introduced on future vehicle models.

In 2008, we launched a heated and ventilated only variant of the CCS. This product works in a similar fashion to our CCS, only there is no active cooling capability and no TED. In the cooling mode, the vent only system will use the ambient cabin air to provide a degree of cooling comfort to the seat occupant. In the heating mode, the vent only system will be supplemented with more traditional resistive heating elements. This system has a lower price and is targeted to certain lower cost vehicle models and certain geographical markets.

We have been awarded a contract to manufacture a heated and cooled cup holder for the automotive market. The cup holder has been designed to be packaged in multiple configurations to accommodate different console environments. In addition to requiring low power consumption, it has proven automotive grade, ruggedness, high reliability and drink retention features. The cup holder will have two cup positions that will provide for separate temperature settings in each holder that allow the driver and passenger to individually control the heating or cooling of their respective beverages. The technology used in the cup holder is similar to that of the CCS system. The cup holder is expected to be launched in a full-size sedan by a major automotive manufacturer in the fall of 2010.

In September 2010, we launched our actively heated and cooled suite of luxury mattresses. The mattresses provide individual controls via two wireless remotes to actively heat and cool each side of the mattress independently. We sell the mattresses through U.S. based specialty mattress retailer, Mattress Firm, Incorporated ("Mattress Firm"). Mattress Firm has over 580 retail stores located across 22 states. The new mattresses are sold under the brand name YuMe™ and are available in King and Queen sizes.

On September 1, 2009, our subsidiary, BSST LLC (“BSST”), entered into a partnership agreement with 5N Plus Inc., a Canadian corporation specializing in production of high-purity metals (“5N Plus”), to form ZT Plus. ZT Plus’ objective is the development and testing of new materials that show increased thermoelectric efficiency. BSST purchased 5N Plus’ 50% ownership of ZT Plus in March 2010 and is now the 100% owner.

Results of Operations

Third Quarter 2010 Compared with Third Quarter 2009

Product Revenues. Product revenues for the three months ended September 30, 2010 (“Third Quarter 2010”) were $30,486,000 compared with product revenues of $18,442,000 for the three months ended September 30, 2009 (“Third Quarter 2009”), an increase of $12,044,000, or 65%. Higher sales were primarily the result of new model introductions and a much improved automotive marketplace causing higher vehicle production levels on existing programs. Modest initial shipments of our heated and cooled mattress, which was launched at the very end of the Third Quarter 2010, also contributed to the higher product revenue levels. Unit shipments of CCS were 429,000 for the Third Quarter 2010 compared with unit shipments of 268,000 in the Third Quarter 2009, an increase of 161,000 units or 60%. The higher product revenues and unit volumes on existing programs were due to a partial recovery from historically low vehicle production levels experienced during the Third Quarter of 2009. Automotive production were significantly higher during the Third Quarter 2010 as compared to the Third Quarter 2009. Production of light vehicles in North America increased by 26% to 3.0 million during the Third Quarter 2010 from 2.3 million during the Third Quarter 2009. New vehicles equipped with CCS and launched since the end of the Third Quarter 2009 included the Ford F250, Nissan Patrol, Infiniti QX56, KIA Mohave, KIA Borrego, KIA Sportage, KIA Optima, Hyundai Tucson and the Hyundai Sonata.

Cost of Sales. Cost of sales increased to $21,681,000 in the Third Quarter 2010 from $13,897,000 in the Third Quarter 2009. This increase of $7,784,000, or 56%, is attributable to higher sales volumes offset partially by a higher gross profit percentage. The gross profit percentage during the Third Quarter 2010 was 29% and was 25% during the Third Quarter 2009. This increase is primarily attributable to a favorable change in the mix of products sold, lower raw material costs, and by a greater coverage of fixed cost at the higher volume levels. TED’s, which represent the key component of the CCS system, contain the metal Tellurium (“Te”). During the Third Quarter 2010, we had a lower cost for Te. We have implemented changes to the manufacturing process for our TED’s which enable us to use less Te per component. These changes currently impact a small portion of our TED purchases; over time we expect to be able to extend the program to the balance of our TED purchases.

Net Research and Development Expenses. Net research and development expenses increased to $2,299,000 in the Third Quarter 2010 from $1,322,000 in the Third Quarter 2009. This $977,000, or 74%, increase was primarily due to the advanced TE materials program by

BSST's now wholly-owned ZT Plus subsidiary. When we formed ZT Plus, certain ongoing expenses associated with our advanced TE materials program were transferred to the new partnership and were partially funded by our partner, 5N Plus. These activities, and the associated cost, have been expanded since that formation date. Effective March 1, 2010, BSST purchased 5N Plus' 50% ownership and since that date is providing 100% of the necessary funding. We have also experience higher developing costs for new products, such as the heated and cooled bed, heated and cooled cup holder and cold storage box and to develop improvements in our current CCS system. The costs associated with these projects were greater during the Third Quarter 2010 primarily due to some of the projects reaching the commercial launch phase of development. During the Third Quarter 2010, the research and development reimbursements were lower compared with the Third Quarter 2009. Research and development reimbursements fluctuate from period to period due to the timing of different phases of the various underlying projects.

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

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $2,498,000 in the Third Quarter 2010 from $2,004,000 in the Third Quarter 2009. This $494,000, or 25%, increase is primarily due to an increase in the number of sales and marketing employees. We have increased our marketing resources in order to support increased activities in South Korea, Europe and China.

Income Tax Expense. We recorded an income tax expense of $1,492,000 and $333,000 during the Third Quarter 2010 and Third Quarter 2009, respectively. These amounts reflected an estimated effective tax rate of approximately 37% on pre-tax income of $4,054,000 during the Third Quarter 2010 and 30% on pre-tax income of $1,122,000 during the Third Quarter 2009. Our effective tax rate is estimated based upon a forecast for our full year results.

Nine Months Ending September 30, 2010 Compared with Nine Months Ending September 30, 2009

Product Revenues. Product revenues for the nine months ended September 30, 2010 ("YTD 2010") were $83,486,000 compared with product revenues of $39,327,000 for the nine months ended September 30, 2009 ("YTD 2009"), an increase of $44,159,000, or 112%. Higher sales were primarily the result of a much improved automotive marketplace causing higher vehicle production levels on existing programs, new model introductions and the addition of a rear seat option on certain existing programs. Modest initial shipments of our heated and cooled mattress, which was launched at the very end of the Third Quarter 2010, also contributed to the higher product revenue levels. Unit shipments of CCS were 1,185,000 during YTD 2010 compared with unit shipments of 565,000 during YTD 2009, an increase of 620,000 units or 110%. The higher product revenues and unit volumes on existing programs were due to a partial recovery from historically low vehicle production levels experienced during YTD 2009, during which, there was a significant decline in the overall automotive market. Automotive production and sales volumes, impacted by slowing worldwide economic activity and decreasing availability of consumer credit during 2009, were significantly higher during YTD 2010 as compared to YTD

2009. Production of light vehicles in North America increased by 54% to 9.0 million during YTD 2010 from 5.8 million during YTD 2009. New vehicles equipped with CCS and launched since the end of the Third Quarter 2009 included the Ford Taurus, Ford F250, Nissan 370Z Roadster, Nissan Patrol, Infiniti QX56, Infiniti G Convertible, KIA Mohave, KIA Borrego, KIA Sportage, KIA Optima, Hyundai Tucson and Hyundai Sonata. Two of our existing programs, the Jaguar XJ and Land Rover Range Rover, began offering CCS in the rear seating position for the first time during the Third Quarter 2009.

Cost of Sales. Cost of sales increased to $59,334,000 during YTD 2010 from $29,833,000 during YTD 2009. This increase of $29,501,000, or 99%, is attributable to higher sales volumes offset partially by a higher gross profit percentage. The gross profit percentage during YTD 2010 was 29% and was 24% during YTD 2009. This increase is primarily attributable to a favorable change in the mix of products sold, lower raw material costs, and by a greater coverage of fixed cost at the higher volume levels. TED's, which represent the key component of the CCS system, contain the metal Tellurium ("Te"). During the Third Quarter 2010, we had a lower cost for Te. We have implemented changes to the manufacturing process for our TED's which enable us to use less Te per component. These changes currently impact a small portion of our TED purchases; over time we expect to be able to extend the program to the balance of our TED purchases.

Net Research and Development Expenses. Net research and development expenses increased to $6,965,000 during YTD 2010 from $4,642,000 during YTD 2009. This $2,323,000, or 50%, increase was primarily due to the advanced TE materials program by BSST's now wholly-owned ZT Plus subsidiary. When we formed ZT Plus, certain ongoing expenses associated with our advanced TE materials program were transferred to the new partnership and were partially funded by our partner, 5N Plus. These activities, and the associated cost, have been expanded since that formation date. Effective March 1, 2010, BSST purchased 5N Plus' 50% ownership and since that date is providing 100% of the necessary funding. We are also in the process of developing new products, such as the heated and cooled bed, heated and cooled cup holder and cold storage box and developing improvements in our current CCS system. The costs associated with these projects were greater during YTD 2010 primarily due to some of the projects reaching the commercial launch phase of development. Partially offsetting these increases were higher research and development reimbursements which fluctuate from period to period due to the timing of different phases of the various underlying projects. During YTD 2010, the research and development reimbursements were higher compared with YTD 2009.

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

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $7,449,000 during YTD 2010 from $6,319,000 during YTD 2009. This $1,130,000, or 18%, increase is primarily due to an increase in the number of sales and marketing employees and higher stock option expense. We have increased our marketing resources in order to support increased activities in South Korea, Europe and China. Our stock option expense increased due to grants of options to employees in March 2009 and January 2010.

Income Tax Expense. We recorded an income tax expense of $3,612,000 during YTD 2010. This reflected an estimated effective tax rate of approximately 37% on pre-tax income of $9,834,000. During YTD 2009, we recorded an income tax benefit totaling $425,000 reflecting a 30% effective tax rate on a pretax loss of $1,441,000. Our effective tax rate is estimated based upon a forecast for our full year results. During periods of a loss, our tax rate is lower due to certain expenses that are not fully deductible for tax purposes.

Liquidity and Capital Resources

The following table represents our cash and cash equivalents and short-term investments which are available for our business operations:

	September 30, 2010	December 31, 2009
Cash and cash equivalents	$25,235,000	$21,677,000
Short-term investments	10,212,000	6,704,000
	$35,447,000	$28,381,000

Our short-term investments consist entirely of Certificates of Deposit ("CD's"). The CD's are held by many different financial institutions with no individual deposit exceeding $250,000 at any individual institution. Our entire CD portfolio is therefore protected by insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). During YTD 2010, we increased our short-term investment holdings in order to improve our interest yield. This increase came primarily from our cash and cash equivalents and from favorable operating cash flows received during the period.

We believe that our cash and cash equivalents along with our short-term investments and our $15,000,000 revolving lines of credit will be adequate to fund our working capital and operating business needs for the foreseeable future.

We have $15,000,000 in revolving credit lines ("Revolving Credit Lines") with Comerica Bank to fund future working capital requirements. At September 30, 2010, no revolving loans were outstanding. The Revolving Credit Line also provides for a letter of credit sub-facility of $5,000,000. At September 30, 2010, outstanding letters of credit were $450,000. Loans bear interest at a Daily Adjusting LIBOR Rate, as defined by the credit agreement, plus an Applicable Margin of 1.750%. The Daily Adjusting LIBOR Rate at September 30, 2010 was 0.21%. The Revolving Credit Lines are secured by all of the Company's assets and expires on October 31, 2011. Under the terms of the credit agreement, the Company must maintain certain financial ratios including a minimum tangible net worth ratio and a minimum funded debt to EBITDA ratio, as defined by the credit agreement. At September 30, 2010, the Company was in compliance with all terms of the credit agreement as amended.

Cash provided by operating activities during YTD 2010 was $8,677,000 due primarily to our net income during YTD 2010 of $6,222,000 and positive non-cash adjustments for depreciation and amortization totaling $1,014,000, deferred tax provision totaling $3,440,000 and stock option compensation totaling $971,000. These amounts were offset partially by a $3,181,000 use of cash associated with a net increase in operating assets and liabilities.

As of September 30, 2010, working capital was $45,416,000 compared with $33,542,000 at December 31, 2009, an increase of $11,874,000, or 35%. The increase was primarily due to increases in cash and cash equivalents of $3,558,000, short-term investments of $3,508,000, accounts receivable of $8,435,000, inventory of $849,000, prepaid expenses and other assets of $737,000, current deferred income tax of $1,678,000. These changes were partially offset by an increase in accounts payable and accrued liabilities of $6,489,000 and $501,000, respectively. Accounts receivable increased due to an increase in product revenues during the Third Quarter 2010 as compared to the Fourth Quarter 2009. Accounts payable and inventory increased due to the increased purchases required to support our higher product revenues.

Cash used in investing activities was $6,443,000 during YTD 2010, reflecting the purchase of 50% of ZT Plus, net of cash acquired, totaling $1,500,000, purchases of property and equipment totaling $553,000, the cost to acquire new patents and patent application filings of $617,000, cash used in corporate owned life insurance of $266,000 and purchases of short-term investments of $8,895,000. These amounts were partially offset by maturities of short-term investments of $5,388,000. Purchases of property and equipment for the period are primarily related to new equipment purchases needed to maintain current production programs and other operational facilities.

Cash provided by financing activities was $1,256,000 during YTD 2010, reflecting the proceeds of Common Stock option exercises.

New Accounting Pronouncements

Consolidation of Variable Interest Entities — Amended

The Financial Accounting Standards Board (“FASB”) has issued changes to the accounting for variable interest entities. The changes provide guidance for determining whether an entity is a variable interest entity and modifies the methods allowed for determining the primary beneficiary of a variable interest entity. The changes include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. The changes are effective for the first annual reporting period beginning after November 15, 2009, with earlier adoption prohibited. The Company adopted the changes on January 1, 2010 which did not have a material impact on the Company’s consolidated financial statements.

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 2009 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.

Table of Contents

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, our debt obligations under our revolving line of credit and foreign currency contracts.

We currently place our investments in Certificates of Deposits with multiple banks. We have in the past, and may in the future, also place our investments in debt instruments of the U.S. government and in high-quality corporate issuers. As stated in our policy, we seek to ensure the safety and preservation of our invested funds by limiting default risk and market risk. We have no investments denominated in foreign country currencies and therefore are not presently subject to foreign exchange risk.

The table below presents the carrying value and related weighted average interest rates for our investment portfolio. The Company considers all highly liquid investments purchased with original maturities of less than 90 days to be cash equivalents. The carrying value approximates fair value at September 30, 2010.

Marketable Securities	Carrying Value	Average Rate of Return at September 30, 2010 (Annualized)
Cash equivalents	$23,875,000	0.12%
Certificates of deposit	$10,212,000	0.68%

Borrowings under our revolving line of credit bear interest at Comerica Bank's prime rate (3.25% at September 30, 2010). As of September 30, 2010, there are no borrowings outstanding under our line of credit.

Our purchases of certain of our components are denominated in Japanese Yen. In order to protect ourselves from changes in the exchange rate between the U.S. Dollar and Japanese Yen we enter into foreign currency forward contracts to purchase the Japanese Yen. As of September 30, 2010 we had the following outstanding forward currency contracts:

Currency	Maturity Date	Notional Principal (local currency)	Contract Exchange Rate	Notional Principal (US Dollar)
Japanese Yen ¥	October 29, 2010	¥ 27,200,000	85.45 ¥/$	$ 318,000
Japanese Yen ¥	November 30, 2010	¥ 34,000,000	85.42 ¥/$	$ 398,000
Japanese Yen ¥	December 30, 2010	¥ 44,000,000	85.39 ¥/$	$ 515,000
		¥105,200,000		$1,231,000

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 September 30, 2010. 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 September 30, 2010.

There was no change in our internal control over financial reporting during our fiscal quarter ended September 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

Internal control over financial reporting is a process designed by, or under the supervision of, our President & Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, 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, 2009, except that our subsidiary, BSST, has since acquired a 100% interest in the joint venture that it had formed with 5N Plus and, as a result, the risk factor related to joint ownership of ZT Plus is no longer applicable; ZT Plus. Below are the risk factors applicable to the Company:

Risks Relating to our Business

The automotive industry, which represents our primary market, has significantly declined over the past two years and may continue to decline causing our product revenues to decline

Demand for our products is directly related to automotive vehicle production. Recently, automotive sales and production have been significantly and adversely affected by general economic and industry conditions, labor relations issues, fuel prices, regulatory requirements, trade agreements and other factors. Generally, the vehicle models offering our CCS product as an optional feature have experienced significant production declines in 2008 and 2009. The automobile original equipment manufacturers (“OEMs”), especially those based in the United States, have recently experienced significant operating losses and are continuing to restructure their operations, which could have a material adverse impact on our future financial results. Continued declines in automotive production levels, particularly with respect to models for which we supply CCS products, would materially reduce our revenues and harm our profitability.

We may suffer significant losses should more of our customers or any of the major automotive manufacturers declare bankruptcy either for the first time or again

If any of our customers or any of the major automotive manufacturers files for bankruptcy protection, we face the risks of being unable to collect a significant portion of our outstanding accounts receivable and of suffering a significant loss of future revenues. In such an event, a considerable amount of the accounts receivable owed to us from our customers might not be paid. In addition, if an automotive manufacturer that incorporates our products in its vehicles were to declare bankruptcy and cease operations, our future operating profits would be significantly impacted by the significant loss of revenue. We cannot be certain that all of the automotive manufactures or our tier one customers will avoid filing for bankruptcy during the current significant downturn in the automotive industry or during other periods in the future. Some of our tier one suppliers and some of the major automotive manufacturers have declared bankruptcy in the past year and have emerged from bankruptcy, but there is no certainty that those entities will not declare bankruptcy again.

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 being developed.

We have incurred substantial operating losses since our inception

Although we have reported operating income during the past six years, prior to that we incurred substantial operating losses since our inception. Furthermore, our operating income for 2009 was substantially lower than in previous years. We had operating losses of $1,554,000 in 2003, $6,168,000 in 2002, and $7,537,000 in 2001. We reported operating losses during the first and second quarters of 2009 due to the significant decline in our product revenue during those periods. As of September 30, 2010, we had accumulated deficits since inception of $31,134,000. 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 past losses arose from past efforts in electric vehicles, integrated voice technology and radar, all discontinued products as of December 31, 2000.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At September 30, 2010, we had cash and cash equivalents of $25,235,000 and short term investments of $10,212,000. Based on our current operating plan, we believe cash and short term investments at September 30, 2010, along with the proceeds from future revenues and borrowings from our $15,000,000 revolving lines of credit will be sufficient to meet operating needs for the foreseeable future.

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

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

Significant increases in the market prices of certain raw materials may adversely affect our business

Our products contain TEDs which contain certain raw materials that cannot generally be substituted. As an example, Tellurium is a raw material used in TEDs. If the market prices for these raw materials significantly increases, our gross profit may be adversely impacted as our suppliers pass those price increases on to us. A 2008 increase in the price of Tellurium is one example of the impact raw material prices could have on our business. Our suppliers passed the increase in Tellurium prices on to us and our ability to recover this increase from our customers was limited. Our business and operations could also be materially adversely affected by shortages in key raw materials.

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 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.

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, 2009, we owned 15 U.S. patents and had 27 U.S. patents pending. We also owned 23 foreign patents and had 19 foreign patent applications pending. Through our subsidiary BSST, we owned 16 U.S. patents, 24 foreign patents and had 29 U.S. patents pending and 46 foreign patents pending. We were also licensees of one U.S. patent and joint owners with Honda Motor Co. of two U.S. patents and three Japanese patents. We believe that patents and proprietary rights have been and will continue to be very important in enabling us to compete. There can be no assurance that any new patents will be granted or that our or our licensors' patents and proprietary rights will not be challenged or circumvented or will provide us with meaningful competitive advantages or that pending patent applications will issue. Furthermore, there can be no assurance that others will not independently develop similar products or will not design around any patents that have been or may be issued to our licensors or us. Failure to obtain patents in certain foreign countries may materially adversely affect our ability to compete effectively in those international markets. We hold current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties. Failure to continue with 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 are currently involved in litigation with a competitor, W.E.T. Automotive Systems AG, which may require a substantial commitment of time and money and divert resources from other ongoing projects. From time to time, we receive notices from third parties suggesting that our products infringe on the proprietary rights of others. While we believe that none of the claims of infringement received to date are valid, we must spend time and resources reviewing those claims and defending ourselves.

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

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

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

Automotive customers typically reserve the right unilaterally to cancel contracts completely or to require price reductions. Although they generally reimburse companies for actual out-of-pocket costs incurred with respect to the particular contract up to the point of cancellation, these reimbursements typically do not cover costs associated with acquiring general purpose assets such as facilities and capital equipment, and may be subject to negotiation and substantial delays in receipt by us. Any unilateral cancellation of, or price reduction with respect to any contract that we may obtain could reduce or eliminate any financial benefits anticipated from such contract and could have a material adverse effect on our financial condition and results of operations. To date, 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 Daniel R. Coker, the President and Chief Executive Officer of Amerigon, or Dr. Lon E. Bell, the President of BSST, could have a material adverse effect on the success of our business.

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 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, especially with respect to our customers and suppliers whose cost structure and revenue are denominated in other currencies.

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.

The recent global economic and financial market crisis has had and may continue to have a negative effect on our business and operations.

The recent global economic and financial market crisis has caused, among other things, a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending, and lower consumer net worth, all of which has had and may continue to have a negative effect on our business, results of operations, financial condition and liquidity. Many of our tier-one customers, their OEM customers and our suppliers have been severely affected by the current economic turmoil, including bankruptcy. There is no certainty that our customers and suppliers will continue to be in business. The current crisis could continue to lead to reduced demand for our products and could result in customer payment delays or defaults. Further, suppliers may not be able to supply us with needed raw materials on a timely basis, may increase prices or go out of business, which could result in our inability to meet consumer demand or affect our financial results.

The timing and nature of any recovery in the credit and financial markets remains uncertain, and there can be no assurance that market conditions will improve in the near future or that our financial results will not continue to be materially and adversely affected. Such conditions make it very difficult to forecast operating results, make business decisions and identify and address material business risks. The foregoing conditions may also impact the valuation of our Federal Net Operating Loss carryforwards ("NOLs") which are subject to impairment testing, potentially resulting in impairment charges which may be material to our financial condition or results of operations. See Note 4 of our consolidated financial statements filed with our Annual Report on Form 10-K for a more complete description of our NOLs.

Credit market developments may reduce availability under our credit agreement.

Due to the current volatile state of the credit markets, there is risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their legal commitments and obligations under existing credit commitments, including but not limited to: extending credit up to the maximum permitted by a credit facility, allowing access to additional credit features and otherwise accessing capital and/or honoring loan commitments. If our lender fails to honor their legal commitments under our $15,000,000 credit facility, it could be difficult in the current environment to replace our credit facility on similar terms. Although we believe that our cash reserves, access to capital markets and existing credit facility will give us the ability to satisfy our liquidity needs for at least the next 12 months, the failure of the lender under our credit facility may impact our ability to finance our operating or investing activities.

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. Consistent with this authority, in January, 2009 our Board adopted a Shareholder Rights Plan (the "Rights Plan") in which one purchase right was distributed as a dividend on each share of common stock held of record as of the close of business on February 10, 2009 (the "Rights"). If exercisable, each Right will entitle its holder to purchase from the Company one one-thousandth of a share of a newly created Series B Preferred Stock of the Company for $20.00 (the "Purchase Price"). The Rights will become exercisable if any person or group becomes the beneficial owner of 15% or more of the Company's common stock or has commenced a tender or exchange offer which, if consummated, would result in any person or group becoming the beneficial owner of 15% or more of the Company's common stock. If any person or group becomes the beneficial owner of 15% or more of the Company's common stock, each right will entitle its holder, other than the acquiring person, to purchase a number of shares of the Company's or the acquiror's common stock having a value of twice the Purchase Price. The Rights are deemed attached to the certificates representing outstanding shares of common stock. The Rights Plan is designed to deter coercive takeover tactics and to prevent an acquiror from gaining control of the Company without offering a fair price to all of the Company's shareholders; however, the existence of the Rights Plan and the rights of holders of any other shares of preferred stock that may be issued in the future, 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.

Table of Contents

ITEM 6. EXHIBITS

Exhibits to this Report are as follows:

Exhibit Number	Description
3.1.1	Articles of Incorporation (1)
3.1.2	Plan of Merger dated March 23, 2005 by which the Articles of Incorporation were amended effective as of May 20, 2005(1)
3.1.3	Certified Resolution of the Board of Directors of the Company Establishing and Designating the Relative Rights and Preferences of Series B Stock filed as an Amendment to the Articles of Incorporation (18)
3.2.1	Bylaws of the Company(1)
3.2.2	First Amendment to Bylaws of the Company (13)
4.1	Rights Agreement dated January 26, 2009 by and between the Company and Computershare Trust Company, N.A., as Rights Agent (18)
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)
10.3.4*	Third Amendment to 2006 Equity Incentive Plan (19)
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	Revenue Sharing Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(8)
10.8.1	Amended and Restated Operating Agreement of BSST LLC dated May 30, 2001(7)
10.8.2	First Amendment dated November 13, 2001 to Amended and Restated Operating Agreement of BSST LLC (10)
10.8.3	Second Amendment dated June 1, 2005 to Amended and Restated Operating Agreement of BSST LLC (10)
10.8.4	Third Amendment dated May 17, 2007 to Amended and Restated Operating Agreement of BSST LLC (14)
10.9	Cross License Agreement between the Company and BSST LLC dated November 19, 2002 (9)
10.10	Reversionary Rights Agreement between BSST LLC and Dr. Lon E. Bell dated May 17, 2007 (14)
10.11.1	Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank dated as of October 28, 2005 (15)
10.11.2	First Amendment, dated as of February 6, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (16)
10.11.3	Second Amendment, dated as of April 30, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (16)
10.11.4	Third Amendment, dated as of October 7, 2008, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (21)
10.11.5	Fourth Amendment, dated as of August 6, 2009, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (20)
10.11.6	Fifth Amendment, dated as of September 3, 2009, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (21)
10.11.7	Sixth Amendment, dated as of February 9, 2010, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank (22)
10.11.8	Seventh Amendment, dated as of October 27, 2010, to the Amended and Restated Credit Agreement between Amerigon Incorporated and Comerica Bank.
10.12	Guaranty of BSST LLC in favor of Comerica Bank dated as of April 30, 2008 (16)
10.13	Security Agreement (All Assets) by Amerigon Incorporated in favor of Comerica Bank dated as of October 28, 2005 (15)

10.14	Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of October 28, 2005 (15)
10.15	Security Agreement (All Assets) by BSST LLC in favor of Comerica Bank dated as of November 14, 2002 (15)
10.16	Patent and Trademark Security Agreement by Amerigon Incorporated in favor of Comerica Bank dated as of November 14, 2002 (15)
10.17*	The Executive Nonqualified Defined Benefit Plan of Amerigon Incorporated effective as of April 1, 2008 (17)
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates management contract or compensatory plan or arrangement.
(1) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed May 25, 2005 and incorporated herein by reference.
(2) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 and incorporated herein by reference.
(3) Previously filed as an exhibit to the Company's Registration Statement on Form SB-2, as amended, File No. 33-61702-LA, and incorporated by reference.
(4) Previously filed as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A with respect to the Company's 2001 Annual Meeting of Stockholders and incorporated herein by reference.
(5) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1997 and incorporated herein by reference.
(6) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and incorporated herein by reference.
(7) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 18, 1999 and incorporated herein by reference.
(8) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference.
(9) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2004 and incorporated herein by reference.
(10) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed June 6, 2005 and incorporated herein by reference.
(11) Previously filed as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A with respect to the Company's 2006 Annual Meeting of Stockholders and incorporated herein by reference.
(12) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 2006 and incorporated herein by reference.
(13) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed March 20, 2007 and incorporated herein by reference.
(14) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed August 7, 2007 and incorporated herein by reference.
(15) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed November 1, 2005 and incorporated herein by reference.
(16) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed May 2, 2008 and incorporated herein by reference.
(17) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed August 11, 2008 and incorporated herein by reference.
(18) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed January 27, 2009 and incorporated herein by reference.
(19) Previously filed as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A with respect to the Company's 2009 Annual Meeting of Stockholders and incorporated herein by reference.
(20) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed August 10, 2009 and incorporated herein by reference.
(21) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed November 9, 2009 and incorporated herein by reference.
(22) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed February 19, 2010 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: October 28, 2010

/S/ BARRY G. STEELE

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

Date: October 28, 2010

Exhibit 10.11.8

SEVENTH AMENDMENT TO CREDIT AGREEMENT

THIS SEVENTH AMENDMENT ("Amendment") is made as of the 27th day of October, 2010, 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 amended by Second Amendment to Credit Agreement dated as of April 29, 2008, as amended by Third Amendment to Credit Agreement dated as of October 7, 2008, as amended by Fourth Amendment to Credit Agreement dated as of August 6, 2009, as amended by Fifth Amendment to Credit Agreement dated as of September 3, 2009 and as amended by Sixth Amendment to Credit Agreement dated as of February 9, 2010 (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:

1. The definitions of *"Account Debtor"*, *"Borrowing Base"*, *"Credit Insurance"*, *"Eligible Accounts"*, *"Eligible Foreign Accounts"*, *"Eligible Foreign Account Debtor"*, *"Eligible Inventory"*, *"Eligible Securities"*, *"LIBOR Floor"*, *"Trigger Date"*, are hereby deleted in their entirety from Article 1.

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

"Applicable Fee Percentage" shall mean, one quarter of one percent (.25%).

"Applicable L/C Commission Rate" shall mean one and three quarters of one percent (1.75%).

"Applicable Margin" shall mean one and three quarters of one percent (1.75%).

“Base Tangible Net Worth” shall initially mean $40,000,000. On the first day of each fiscal year of Company (commencing January 1, 2011), 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 most recently then ended. If net income is less than $0, it shall be treated as being $0 for purposes of this calculation.

“Daily Adjusting LIBOR Rate” means, for any day, a per annum rate of interest which is equal to the one (1) month LIBOR Rate for deposits in United States Dollars appearing on Page BBAM of the Bloomberg Financial Markets Information Service (or any other publicly available service for displaying LIBOR rates as may be reasonably selected by Bank), as of 11:00 a.m. (Detroit, Michigan time) (or as soon thereafter as practical) on such day, or if such day is not a Business Day, on the immediately preceding Business Day. If such services are unavailable, the “Daily Adjusting LIBOR Rate” for such day shall, instead, be determined based upon the average of the rates at which Bank is offered dollar deposits at or about 11:00 a.m. (Detroit, Michigan time) (or as soon thereafter as practical), on such day, or if such day is not a Business Day, on the immediately preceding Business Day, in the interbank eurodollar market in an amount comparable to the principal amount outstanding under the Loan and for a period of one (1) month. The Daily Adjusting LIBOR Rate will be adjusted for reserves, if applicable.

“Eurodollar-based Rate” means, for any indebtedness under the loan bearing interest at the Eurodollar-based Rate, the Applicable Margin plus the per annum rate of interest determined on the basis of the rate for deposits in United States Dollars for a period equal to the relevant Interest Period for such indebtedness, commencing on the first day of such Interest Period, appearing on Page BBAM of the Bloomberg Financial Markets Information Service (or any other publicly available service for displaying LIBOR rates as may be reasonably selected by Bank) as of 11:00 a.m. (Detroit, Michigan time) (or as soon thereafter as practical), two (2) Business Days prior to the first day of such Interest Period. If such services are unavailable, the “Eurodollar-based Rate” shall, instead, be determined based upon the average of the rates at which Bank is offered dollar deposits at or about 11:00 a.m. (Detroit, Michigan time) (or as soon thereafter as practical), two (2) Business Days prior to the first day of such Interest Period in the interbank eurodollar market in an amount comparable to the principal amount of the respective indebtedness which is to bear interest on the basis of such Eurodollar-based Rate and for a

period equal to the relevant interest period. The Eurodollar-based Rate will be adjusted for reserves, if applicable.

"Revolving Credit Maturity Date" shall mean October 31, 2011.

3. The following definition is hereby added to Section 1 of the Credit Agreement:

"Funded Debt to EBITDA Ratio" shall mean as of any date of determination thereof a ratio the numerator of which is Funded Debt as of such date and the denominator of which is EBITDA as of such date, determined on a consolidated basis for Company and its Consolidated Subsidiaries.

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

"2.5 Reserved."

5. Section 2.9 of the Credit Agreement is hereby amended and restated as follows:

"2.9 Reserved."

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

"*(d) Reserved*."

7. Section 7.11 of the Credit Agreement is amended and restated as follows:

"7.11 Beginning December 31, 2010, maintain at all times Tangible Net Worth of not less than the Base Tangible Net Worth."

8. Section 7.13 of the Credit Agreement is amended and restated as follows:

"7.13 Beginning December 31, 2010, maintain at all times a Funded Debt to EBITDA Ratio on not more than 2.00 to 1.00."

9. Schedule 8.6 of the Credit Agreement is hereby amended and restated and replaced by new Schedule 8.6 attached hereto as Attachment 2. The parties hereto agree that on the date that this Amendment becomes effective in accordance with Section 10 below, such new Schedule 8.6 shall be deemed to have been effective on September 30, 2010.

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

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

(b) 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 and ZT Plus, LLC.

11. 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.

12. 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.

13. 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.

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

15. This Amendment may be executed in counterpart.

16. This Amendment shall be construed in accordance with and governed by the laws of the State of Michigan, without giving effect to principles of conflict of laws.

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

ATTACHMENT 1

BSST LLC
AFFIRMATION OF GUARANTY

BSST LLC hereby acknowledges that it previously entered into a Guaranty dated October 28, 2005 in favor of Bank with respect to the obligations of Company and (i) affirms its obligations to Bank under the Guaranty and acknowledges that the Guaranty remains in full force and effect in accordance with its terms, subject to no setoff, defense or counterclaim, (ii) acknowledges the foregoing amendment to the Credit Agreement and (iii) confirms that this Affirmation is not required by the terms of the Guaranty and need not be obtained in connection with any prior or future waivers or amendments or extensions of additional credit to Company.

BSST LLC

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

ZT PLUS, LLC
AFFIRMATION OF GUARANTY

ZT PLUS, LLC hereby acknowledges that it previously entered into a Guaranty dated April 16, 2010 in favor of Bank with respect to the obligations of Company and (i) affirms its obligations to Bank under the Guaranty and acknowledges that the Guaranty remains in full force and effect in accordance with its terms, subject to no setoff, defense or counterclaim, (ii) acknowledges the foregoing amendment to the Credit Agreement and (iii) confirms that this Affirmation is not required by the terms of the Guaranty and need not be obtained in connection with any prior or future waivers or amendments or extensions of additional credit to Company.

ZT PLUS, LLC

By: /s/ Barry G. Steele

ATTACHMENT 2

SCHEDULE 8.6

INVESTMENTS

Investments by Company in BSST LLC 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, including investments by Company in BSST LLC, in an aggregate amount not exceeding $9,000,000 per fiscal year, commencing with the fiscal year ending December 31, 2010.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER’S CERTIFICATION

I, Daniel R. Coker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amerigon Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying 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: October 28, 2010

/s/ Daniel R. Coker

Daniel R. Coker
President & Chief Executive Officer

CHIEF FINANCIAL OFFICER'S CERTIFICATION

I, Barry G. Steele, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amerigon Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 28, 2010

/s/ Barry G. Steele

Barry G. Steele
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Amerigon Incorporated (the “Company”) on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel R. Coker, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Daniel R. Coker

Daniel R. Coker
President and Chief Executive Officer
October 28, 2010

Exhibit 32.2

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

In connection with the Quarterly Report of Amerigon Incorporated (the “Company”) on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Barry G. Steele, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Barry G. Steele

Barry G. Steele
Chief Financial Officer
October 28, 2010