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, 2008

OR

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

For the transition period from ____________ to ____________.

Commission File Number: 0 - 21810

AMERIGON INCORPORATED

(Exact name of registrant as specified in its charter)

Michigan	**95-4318554**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
21680 Haggerty Road, Ste. 101, Northville, MI	**48167**
(Address of principal executive offices)	**(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

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

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

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

Yes ☐ No ☑

At October 28, 2008, the registrant had 22,152,369 shares of Common Stock, no par value, issued and outstanding.

AMERIGON INCORPORATED

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2008 (unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash & cash equivalents	$ 15,209	$ 1,170
Short-term investments	11,500	23,925
Accounts receivable, less allowance of $434 and $542, respectively	11,347	11,672
Inventory:		
Raw materials	197	329
Finished goods	4,245	1,890
Inventory	4,442	2,219
Deferred income tax assets	4,170	3,784
Prepaid expenses and other assets	366	595
Total current assets	47,034	43,365
Property and equipment, net	4,561	3,965
Patent costs, net of accumulated amortization of $251 and $121, respectively	3,054	2,679
Deferred income tax assets	3,769	5,968
Other non-current assets	257	9
Total assets	$ 58,675	$ 55,986
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current Liabilities:		
Accounts payable	$ 6,689	$ 8,640
Accrued liabilities	3,643	3,987
Deferred manufacturing agreement – current portion	200	200
Total current liabilities	10,532	12,827
Pension Benefit Obligation	95	—
Deferred manufacturing agreement – long-term portion	300	450
Total liabilities	10,927	13,277
Shareholders’ equity:		
Common Stock:		
No par value; 30,000,000 shares authorized, 22,152,369 and 21,917,733 issued and outstanding at September 30, 2008 and December 31, 2007, respectively	64,022	63,028
Paid-in capital	22,528	21,766
Accumulated other comprehensive income – foreign currency	(6)	(16)
Accumulated deficit	(38,796)	(42,069)
Total shareholders’ equity	47,748	42,709
Total liabilities and shareholders’ equity	$ 58,675	$ 55,986

See accompanying notes to the consolidated condensed financial statements.

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AMERIGON INCORPORATED

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Product revenues	$16,631	$15,909	$50,787	$47,240
Cost of sales	11,798	10,736	35,116	31,698
Gross margin	4,833	5,173	15,671	15,542
Operating expenses:				
Research and development	2,478	1,990	7,060	5,585
Research and development reimbursements	(504)	(619)	(1,999)	(1,731)
Net research and development expenses	1,974	1,371	5,061	3,854
Selling, general and administrative	2,005	2,119	6,164	6,295
Total operating expenses	3,979	3,490	11,225	10,149
Operating income	854	1,683	4,446	5,393
Interest income	199	251	714	681
Other income	25	39	112	139
Earnings before income tax	1,078	1,973	5,272	6,213
Income tax expense	430	(1,083)	1,999	607
Net income	$ 648	$ 3,056	$ 3,273	$ 5,606
Basic earnings per share	$ 0.03	$ 0.14	$ 0.15	$ 0.26
Diluted earnings per share	$ 0.03	$ 0.13	$ 0.14	$ 0.25
Weighted average number of shares – basic	22,151	21,701	22,099	21,575
Weighted average number of shares – diluted	22,355	22,748	22,793	22,555

See accompanying notes to the consolidated condensed financial statements.

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AMERIGON INCORPORATED

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

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Operating Activities:		
Net income	$ 3,273	$ 5,606
Adjustments to reconcile net income to cash provided by operating activities:		
Deferred tax provision	1,813	483
Stock option compensation	762	571
Depreciation and amortization	980	433
Loss on disposal of property and equipment	10	11
Changes in operating assets and liabilities:		
Accounts receivable	325	(3,373)
Inventory	(2,224)	2,965
Prepaid expenses and other assets	(20)	(865)
Accounts payable	(1,951)	2,589
Accrued liabilities	142	994
Net cash provided by operating activities	3,110	9,414
Investing Activities:		
Purchases of investments	(3,100)	(29,137)
Sales and maturities of investments	15,525	22,563
Purchase of property and equipment	(1,605)	(2,070)
Patent costs	(505)	(1,813)
Net cash provided by (used in) investing activities	10,315	(10,457)
Financing Activities:		
Proceeds from the exercise of Common Stock options	604	401
Net cash provided by financing activities	604	401
Foreign currency effect	10	(3)
Net increase (decrease) in cash and cash equivalents	14,039	(645)
Cash and cash equivalents at beginning of period	1,170	2,440
Cash and cash equivalents at end of period	$15,209	$ 1,795
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 191	$ 187
Supplemental disclosure of non-cash transactions:		
Issuance of Common Stock under the 2006 Equity Incentive Plan	$ 390	$ 389

See accompanying notes to the consolidated condensed financial statements.

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AMERIGON INCORPORATED

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

	Common Stock		Paid-in	Accumulated	Currency Translation	
	Shares	Amount	Capital	Deficit	Adjustment	Total
Balance at December 31, 2007	21,918	$63,028	$21,766	$ (42,069)	$ (16)	$ 42,709
Exercise of Common Stock options	197	604	—	—	—	604
Common Stock issued to employees	37	390	—	—	—	390
Stock option compensation	—	—	762	—	—	762
Comprehensive income:						
Currency translation	—	—	—	—	10	
Net income	—	—	—	3,273	—	
Total comprehensive income						3,283
Balance at September 30, 2008	22,152	$64,022	$22,528	$ (38,796)	$ (6)	$ 47,748

See accompanying notes to the condensed consolidated financial statements.

AMERIGON INCORPORATED

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 – The Company

Amerigon Incorporated (the “Company”) designs, develops and markets proprietary, high- technology electronic components and systems for sale to car and truck original equipment manufacturers (“OEMs”). The Company’s primary product is the Climate Control Seat (“CCS™”), which provides year-round comfort to passengers of automobiles by providing both heating and cooling to seat occupants. Since 2000, the Company has shipped approximately 4,300,000 units of its CCS product through September 30, 2008.

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

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

Note 2 – Basis of Presentation and New Accounting Pronouncements

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

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

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

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

Note 3 –**Earnings per Share**

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Weighted average number of shares for calculation of basic EPS – Common Stock	22,150,956	21,701,155	22,098,818	21,575,257
Impact of stock options outstanding under the 1993, 1997 and 2006 Stock Option Plans	203,546	1,047,043	693,850	930,985
Impact of warrants outstanding for the purchase of Common Stock	—	—	—	48,901
Weighted average number of shares for calculation of diluted EPS	22,354,502	22,748,198	22,792,668	22,555,143

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,	
	2008	2007	2008	2007
Stock options outstanding under the 1993 and 1997 Stock Option Plans	994,000	12,000	84,000	12,000

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 period ended September 30, 2008 and 2007. 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)		
2008				
Product revenues	$16,631	$ —	$ —	$16,631
Operating income	4,046	(1,187)	(2,005)[2]	854
2007				
Product revenues	$15,909	$ —	$ —	$15,909
Operating income	4,428	(626)	(2,119)[2]	1,683

(1) BSST's operating loss for the three months ended September 30, 2008 and 2007 is net of $504,000 and $619,000, respectively, of reimbursed research and development costs.

(2) Represents corporate selling, general and administrative costs and includes depreciation expense of $68,000 and $46,000, for the three months ended September 30, 2008 and 2007, respectively.

Nine Months Ended September 30,	CCS	BSST [1]	Reconciling Items	Total
		(in Thousands)		
2008				
Product revenues	$50,730	$ 57	$ —	$50,787
Operating income	13,404	(2,794)	(6,164)[2]	4,446
2007				
Product revenues	$47,240	$ —	$ —	$47,240
Operating income	13,478	(1,790)	(6,295)[2]	5,393

(1) BSST's operating loss for the nine months ended September 30, 2008 and 2007 is net of $1,999,000 and $1,731,000, respectively, of reimbursed research and development costs.

(2) Represents corporate selling, general and administrative costs and includes depreciation expense of $193,000 and $139,000, for the nine months ended September 30, 2008 and 2007, respectively.

Note 4 – Segment Reporting – Continued

Product revenues information by geographic area:

	Three Months Ended September 30,			
	2008		2007	
North America	$ 7,886	47%	$ 9,565	60%
Asia	7,661	46%	5,418	34%
Europe	1,084	7%	926	6%
Total product revenues	$16,631	100%	$15,909	100%

	Nine Months Ended September 30,			
	2008		2007	
North America	$24,198	48%	$28,927	61%
Asia	22,662	44%	15,989	34%
Europe	3,927	8%	2,324	5%
Total product revenues	$50,787	100%	$47,240	100%

Note 5 – **Related Party Transactions**

The Company has outsourced production of the second generation of the CCS product to a contract manufacturer, Ferrotec Corporation ("Ferrotec"), a Japanese company with operations located in Hangzhou, China. Ferrotec owned 400,000 (2%) shares of the Company's Common Stock as of September 30, 2008. For the three months ended September 30, 2008 and 2007, purchases from this supplier totaled $5,350,000 and $6,783,000, respectively. For the nine months ended September 30, 2008 and 2007, purchases from this supplier totaled $20,847,000 and $17,811,000, respectively. The Company had an accounts payable balance with Ferrotec of $3,203,000 as of September 30, 2008 and $4,879,000 as of December 31, 2007.

Note 6 – **Executive Nonqualified Defined Benefit Plan**

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

We have accounted for the Plan in accordance with Statement of Financial Accounting Standard No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan" which requires that the Company record a projected benefit obligation representing the present value of future plan benefits when earned by the participant. As of September 30, 2008, the Company has recorded a pension benefit obligation of $95,000.

Note 7 – Auction Rate Preferred Stock

As of September 30, 2008, the Company's short-term investment portfolio included $11,500,000 of auction rate preferred stock ("ARPS"). All of the Company's ARPS are issued by closed-end fixed income investment funds, carry AAA credit ratings from Moody's Investors Service and/or Standard & Poor's and hold auctions every seven days to reset the dividend rates for the next week. These funds are subject to certain regulatory requirements, which mandate an asset coverage ratio of 200% to cover the fund's liabilities, including their ARPS, pursuant to the Investment Company Act of 1940.

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

During the time since the auctions first began to fail, a number of the fixed income funds that have issued the ARPS held by the Company have obtained alternative financing and have redeemed the ARPS at their face value, which represents the Company's carrying value and the value at which the Company purchased the ARPS. During the three and nine month periods ended September 30, 2008, the Company received proceeds totaling $1,525,000 and $11,675,000, respectively, in redemptions of the ARPS held by the Company. On September 26, 2008, we entered into an agreement with our broker, Comerica Securities, Inc., to sell the remaining holdings of ARPS during the month of October 2008 at the par value of those securities which also equaled our carrying value as of September 30, 2008. We completed the sale of all ARPS as of October 27, 2008.

Note 8 – Revolving Credit Facility Amendment

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

Note 9 – **Fair Value Measurement**

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

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

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

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

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

The Company's financial assets and liabilities that are carried at fair value are its investment portfolio of ARPS. Due to the lack of observable market quotes on the ARPS portfolio, the Company utilized valuation models that rely exclusively on Level 3 inputs including those based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. We completed the sale of all of our ARPS as of October 27, 2008 and, based on the proceeds received from that sale, we are satisfied that the fair value of the ARPS as of September 30, 2008 was appropriately determined.

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

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

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

General

Amerigon Incorporated ("we," the "Company" or the "registrant") designs, develops and markets products based on our advanced, proprietary, efficient thermoelectric device ("TED") technologies for a wide range of global markets and heating and cooling applications. Our current principal product is our proprietary Climate Control Seat™ ("CCS™" or "CCS") which we sell to automobile and truck original equipment manufacturers or their tier one suppliers. The CCS provides year-round comfort to automotive seat occupants by producing both active heating and cooling. As of September 2008, we have shipped approximately 4.3 million units of our CCS product to customers since 2000. Our CCS product is currently offered as an optional feature on 34 automobile models produced by Ford Motor Company, General Motors Corporation, Toyota Motor Corporation, Nissan Motors, Honda Motor Company and Hyundai Corporation.

In 2003, the Company launched a newly-designed and more efficient version of its CCS that incorporates our new Micro Thermal Module™ ("MTM™" or "MTM") technology. This new generation CCS system, which is based on the Company's proprietary TED technology, is smaller, lighter, quieter and more versatile than its predecessor. In 2005, we began producing MTM's for several new automobile models which incorporate a number of improvements representing our third generation of CCS development in less than five years. Further generations of the CCS system are under development and are expected to be launched on future vehicle models.

Results of Operations

Third Quarter 2008 Compared with Third Quarter 2007

Product Revenues. Product revenues for the three months ended September 30, 2008 ("Third Quarter 2008"), were $16,631,000 compared with revenues of $15,909,000 for the three months ended September 30, 2007 ("Third Quarter 2007"), an increase of $722,000, or 5%. Higher sales were primarily the result of new model introductions and a higher average unit price. These increases were partially offset by lower volumes on existing programs. Unit shipments increased to 237,000 units for the Third Quarter 2008 compared with 234,000 units for the Third Quarter 2007. New vehicles equipped with CCS and launched since the Third Quarter 2007 included the Hyundai Genesis, Lexus LX 570, Nissan Teana, Nissan Maxima, Infiniti FX, Jaguar XJ, Jaguar XF, Lincoln MKS, Ford F-Series Pickup, Chevrolet Suburban, Chevrolet Tahoe, Chevrolet Avalanche, GMC Yukon, GMC Yukon XL, GMC Yukon Denali and the GMC Sierra Pickup. Higher average prices per unit were the result of a change in the mix of products sold being weighted more to CCS systems having higher Amerigon content during the Third Quarter 2008 compared with that of the Third Quarter 2007. Content varies among programs based upon differing customer sourcing decisions for certain components that complement the CCS system. Volume decreased on existing programs primarily due to declining overall automotive market volume which has been impacted by slowing economic activity in North America, higher gas prices and decreasing availability of consumer credit.

Cost of Sales. Cost of sales increased to $11,798,000 in the Third Quarter 2008 from $10,736,000 in the Third Quarter 2007. This increase of $1,062,000, or 10%, is attributable to higher sales volumes and a lower gross profit percentage. The gross profit percentage during the Third Quarter 2008 was 29% and was 33% during the Third Quarter 2007. This decrease is primarily attributable to higher raw material costs during the Third Quarter 2008 as compared to the Third Quarter 2007 and an unfavorable change in the mix of products sold which favored programs having a higher gross margin percentage during the Third Quarter 2007 compared with the Third Quarter 2008. TED's which represent the key component of the CCS system contain the metal Tellurium ("Te"). During the early months of 2008 the market for Te experienced a significant increase. The average price of a kilogram of Te in 2007 was approximately $100 and increased to a peak of $286 in April 2008. Since that time the average market price has continually decreased to a current average of $215 per Kilogram during September 2008. We do not purchase Te directly but have agreed to price increases for our TED suppliers as a result of the increase in their Te costs. Existing Te supply contracts and on-hand inventory resulted in a delay in the impact of higher Te market prices to us until the Third Quarter 2008. Although the market for Te has moderated, we expect that the lower levels will not result in reduced costs to Amerigon until at least the first quarter 2009, if at all.

Net Research and Development Expenses. Net research and development expenses increased to $1,974,000 in the Third Quarter 2008 from $1,371,000 in the Third Quarter 2007. This $603,000, or 44%, increase was due to increased research activities associated with our advanced TED program and by lower research and development reimbursements. The increase in research and development expenses is associated with a recent breakthrough in our TED material program. With support from Amerigon subsidiary, BSST LLC, a scientist at The Ohio State University recently developed a new efficient TED material having certain desirable properties at high temperatures. Our higher research and development expenses are focused on further advancing and commercializing that new material. Our research and development reimbursements have decreased due to lower partner supported research projects during the Third Quarter 2008. Future research and development reimbursements are not likely to increase proportionately to any future increases in research and development expenses due to an increasing focus on efficient TED material, including that from The Ohio State University, and production process technology advancements for which we do not plan to seek partnership support.

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

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to $2,005,000 in the Third Quarter 2008 compared with $2,119,000 in the Third Quarter 2007.

Interest Income. We had interest income of $199,000 for the Third Quarter 2008 compared with $251,000 for the Third Quarter 2007. The decrease of $52,000, or 21%, resulted from lower average yields on our cash equivalents and short-term investments offset partially by higher balances on these interest paying investments during the Third Quarter 2008 compared with the Third Quarter 2007 (see "Liquidity and Capital Resources").

Income Tax Expense. We recorded income tax expense of $430,000 during the Third Quarter 2008. This reflected an estimated effective tax rate for the year of approximately 38%. (Our current income tax expense is expected to be substantially offset by our net operating loss carryforwards. Therefore, we do not expect to have a significant cash outlay for income taxes in the current year.) During the Third Quarter 2007 we recorded an income tax benefit totaling $1,083,000. The benefit resulted from the recognition of certain Federal and state research and development credits ("R&D Credits") related to our research and development activities during 1999 through 2006. The total credit recorded for this period was approximately $1,700,000. We recorded these R&D Credits as a result of having substantially completed a detailed analysis during the Third Quarter 2007 which substantiated and quantified our ability to claim the credits. This credit was partially offset by our normal tax provision for the Third Quarter 2007.

Nine Months Ending September 30, 2008 Compared with Nine Months Ending September 30, 2007

Product Revenues. Product revenues for the nine months ended September 30, 2008 ("YTD 2008"), were $50,787,000 compared with revenues of $47,240,000 for the nine months ended September 30, 2007 ("YTD 2007"), an increase of $3,547,000, or 7%. Higher sales were primarily the result of new model introductions, higher penetration on certain programs and a higher average unit price. These increases were partially offset by lower volumes on existing programs. Unit shipments increased to 743,000 units for YTD 2008 compared with 700,000 units for YTD 2007. New vehicles equipped with CCS and launched since the Third Quarter 2007 included the Hyundai Genesis, Lexus LX 570, Nissan Teana, Nissan Maxima, Infiniti FX, Jaguar XJ, Jaguar XF, Lincoln MKS, Ford F-Series Pickup, Chevrolet Suburban, Chevrolet Tahoe, Chevrolet Avalanche, GMC Yukon, GMC Yukon XL, GMC Yukon Denali and the GMC Sierra Pickup. Higher average prices per unit were the result of a change in the mix of products sold being weighted more to CCS systems having higher Amerigon content during the YTD 2008 compared with that of the YTD 2007. Content varies among programs based upon differing customer sourcing decisions for certain components that complement the CCS system. Also, two vehicles, beginning with the 2008 model year, began to install the CCS as a standard feature; previously, the CCS was installed on these vehicles at the option of the car buyer. Volume decreased on existing programs primarily due to declining overall automotive market volume which has been impacted by slowing economic activity in North America, higher gas prices and decreasing availability of consumer credit.

Cost of Sales. Cost of sales increased to $35,116,000 for YTD 2008 from $31,698,000 for YTD 2007. This increase of $3,418,000, or 11%, is attributable to higher sales volumes and a lower gross profit percentage. The gross profit percentage during YTD 2008 was 31% and was 33% during YTD 2007. This decrease is primarily attributable to higher raw material costs during the Third Quarter 2008 as compared to the Third Quarter 2007 and an unfavorable change in the mix of products sold which favored programs having a higher gross margin percentage during the Third Quarter 2007 compared with the Third Quarter 2008. TED's which represent the key component of the CCS system contain the metal Te. During the early months of 2008 the market for Te experienced a significant increase. The average price of a kilogram of Te in 2007 was approximately $100 and increased to a peak of $286 in April 2008. Since that time the average market price has continually decreased to a current average of $215 per Kilogram during September 2008. We do not purchase Te directly but have agreed to price increases for our TED suppliers as a result of the increase in their Te costs. Existing Te supply contracts and on-hand inventory resulted in a delay in the impact of higher Te market prices to us until the Third Quarter 2008. Although the market for Te has moderated, we expect that the lower levels will not result in reduced costs to Amerigon until at least the first quarter 2009 if at all.

Net Research and Development Expenses. Net research and development expenses increased to $5,061,000 for YTD 2008 from $3,854,000 for YTD 2007. This $1,207,000, or 31%, increase was due to increased research activities associated with our advanced TED program, the addition of CCS engineering resources to support the large number of new vehicle programs and continued development of new automotive and non-automotive TE-based products. These increases were offset partially by higher research and development reimbursements. The increase in research and development expenses for our advanced TED program is associated with a recent breakthrough in our TED material program. With support from Amerigon subsidiary, BSST LLC, a scientist at The Ohio State University recently developed a new efficient TED material having certain desirable properties at high temperatures. Much of our higher research and development expenses are focused on further advancing and commercializing that new material. The higher research and development reimbursements reflect an increase in government research programs including the Department of Energy-sponsored Automotive Waste Heat Recovery Program, now entering its fourth and final phase. Our research and development reimbursements have not increased proportionately to the increase in research and development expenses due to an increasing focus on efficient TED material, including that from The Ohio State University, and production process technology advancements for which we do not plan to seek partnership support.

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

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to $6,164,000 for YTD 2008 compared with $6,295,000 for YTD 2007.

Interest Income. We had interest income of $714,000 for YTD 2008 compared with $681,000 for YTD 2007. The increase of $33,000, or 5%, resulted from higher cash equivalent and short-term investment balances during YTD 2008 compared with YTD 2007 partially offset by lower average yields on these interest paying investments (see "Liquidity and Capital Resources").

Income Tax Expense. We recorded income tax expense of $1,999,000 during YTD 2008. This reflected an estimated effective tax rate for the year of 38%. (Our current income tax expense is expected to be substantially offset by our net operating loss carryforwards. Therefore, we do not expect to have a significant cash outlay for income taxes in the current year.) The income tax expense for YTD 2007 was $607,000 representing our normal tax provision at an estimated effective tax rate of 37% during YTD 2007 partially offset by a benefit recorded for prior year R&D Credits totaling approximately $1,700,000. We recorded these R&D Credits as a result of having substantially completed a detailed analysis during the Third Quarter 2007 which substantiated and quantified our ability to claim the credits.

Liquidity and Capital Resources

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

	September 30, 2008	December 31, 2007
Cash and cash equivalents	$ 15,209,000	$ 1,170,000
Short-term investments	11,500,000	23,925,000
	$ 26,709,000	$ 25,095,000

We manage our cash, cash equivalents and short-term investments to fund operating requirements. Cash and cash equivalents increased by $14,039,000 to $15,209,000 during YTD 2008. At September 30, 2008, our short-term investments were Auction Rate Preferred Stock ("ARPS"). At December 31, 2007 our short-term investments were $20,925,000 in ARPS and $3,000,000 of Municipal Notes. The Municipal notes matured on March 31, 2008.

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

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

During the time since the auctions first began to fail, a number of the fixed income funds that have issued the ARPS held by us have obtained alternative financing and have redeemed the ARPS at their face value, which represents our carrying value and the value at which we purchased the ARPS. During the three and nine month periods ended September 30, 2008, we received proceeds totaling $1,525,000 and $10,150,000, respectively, in redemptions of the ARPS held by us. On September 26, 2008, we entered into an agreement with our broker, Comerica Securities, Inc., to sell the remaining holdings of ARPS during the month of October 2008 at the par value of those securities, which also equaled our carrying value, as of September 30, 2008. We completed the sale of all ARPS as of October 27, 2008.

We believe that our current working capital of $36,502,000, our expected positive free cash flow, and our $20.0 million revolving line of credit will be adequate to fund our current business needs.

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

Cash provided by operating activities during YTD 2008 was $3,110,000 and was attributable to net income, plus non-cash adjustments including deferred taxes of $1,813,000, stock option compensation of $762,000, depreciation and amortization of $980,000, and partially offset by an increase in net operating assets and liabilities of $3,728,000. The higher net operating assets and liabilities were primarily due to higher inventory and lower accounts payable as of September 30, 2008 compared with December 31, 2007. These differences were partially offset by a lower accounts receivable balance.

As of September 30, 2008, working capital was $36,502,000 and was $30,538,000 at December 31, 2007, an increase of $5,964,000, or 20%. This increase was primarily due to an increase in inventory of $2,224,000 and by decreases in accounts payable of $1,951,000. Inventory increased primarily in preparation for a number of new program launches which began during the Third Quarter 2008 and due the timing of volume shipments of inventory for our North American customers. Accounts payable decreased due to the timing of inventory purchases during the quarter as compared with that of the fourth quarter 2007. Our levels of inventory and accounts payable tend to fluctuate as a result of sourcing products from Asia and extended payment terms with certain suppliers.

Cash provided by investing activities was $10,315,000 during YTD 2008, reflecting sales and maturities of investments totaling $15,525,000 partially offset by purchases of investments of $3,100,000, purchases of property and equipment totaling $1,605,000, and the cost to acquire new patents and patent application filings of $505,000. Purchases of property and equipment for the period are primarily related to new equipment purchases for newly-launched production programs and approximately $220,000 in leasehold improvements related to a refurbishment and expansion of our engineering and research center located in Irwindale, California, completed in January 2008.

Cash provided by financing activities was $604,000 during YTD 2008, reflecting the proceeds of Common Stock option exercises.

Related Party Transactions

We purchase thermoelectric devices from and have outsourced a portion of our production to Ferrotec Corporation (“Ferrotec”). Ferrotec owned 400,000 shares of our Common Stock as of September 30, 2008. Purchases of labor and services and components from Ferrotec were $20,847,000 during YTD 2008. The Company had an accounts payable balance with Ferrotec of $3,203,000 as of September 30, 2008 and $4,879,000 as of December 31, 2007.

New Accounting Pronouncements

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

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

Critical Accounting Policies

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

FORWARD LOOKING STATEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and our debt obligations under our revolving line of credit.

We place our investments in debt instruments of the U.S. government and in high-quality corporate issuers or ARPS that hold these types of investments. As stated in our policy, we seek to ensure the safety and preservation of our invested funds by limiting default risk and market risk. We have no investments denominated in foreign country currencies and therefore are not presently subject to foreign exchange risk.

Borrowings under our revolving line of credit bear interest at Comerica Bank's prime rate (4.50% at September 30, 2008). As of September 30, 2008, there were no borrowings outstanding under our line of credit.

The table below presents the carrying value and related weighted average interest rates for our investment portfolio. The Company considers all highly liquid investments purchased with original maturities of less than 90 days to be cash equivalents. Our short-term investments consist of ARPS. The carrying value approximates fair value at September 30, 2008.

Marketable Securities	Carrying Value	Average Rate of Return at September 30, 2008 (Annualized)
Cash equivalents	$12,545,000	2.47%
Short-term investments	$11,500,000	5.27%

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, 2008. Based upon, and as of the date of that evaluation, the President & Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective at September 30, 2008.

There was no change in our internal control over financial reporting during our fiscal quarter ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

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

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PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

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

Risks Relating to our Business

We have only one commercially successful product in one industry segment and we may not be able to commercialize and market additional products to other industries

We are currently developing advanced designs of TEDs to be used in a wide range of potential products in a number of industries, but to date we have only one commercially successful product. Although we have made significant improvements in TED technology and we believe that a number of new products have become practical at our current stage of TED advancement, additional improvements are necessary to make TED based products commercially attractive in comparison with other technologies for the major markets in which we are targeting. These advancements are dependent on many variables including but not limited to new advanced materials becoming available and efficient and cost effective manufacturing processes for advanced TEDs and the related materials being developed.

We have incurred substantial operating losses since our inception

Although we have reported operating income during the past four years, prior to that we incurred substantial operating losses since our inception. We had operating losses of $1,554,000 in 2003, $6,168,000 in 2002, and $7,537,000 in 2001. As of September 30, 2008, we had accumulated deficits since inception of $38,796,000. Our accumulated deficits are attributable to the historical costs of developmental and other start-up activities, including the industrial design, development and marketing of discontinued products and a significant loss incurred on a major electric vehicle development contract. Approximately $33,000,000 of our accumulated deficit arose from past efforts in electric vehicles, integrated voice technology and radar, all discontinued products as of December 31, 2000.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At September 30, 2008, we had cash and cash equivalents of $15,209,000. Based on our current operating plan, we believe cash at September 30, 2008, along with the proceeds from future revenues and borrowings from our $20,000,000 revolving line of credit will be sufficient to meet operating needs for the foreseeable future.

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

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

The disruption or loss of relationships with vendors and suppliers for the components for our products could materially adversely affect our business

Our ability to market and manufacture and market our products successfully is dependent on relationships with both third party vendors and suppliers. We rely on various vendors and suppliers for the components of our products and procure these components through purchase orders, with no guaranteed supply arrangements. Certain components, including thermoelectric devices and the specially designed fans used in our CCS product, are only available from a limited number of suppliers. The loss of any significant supplier, in the absence of a timely and satisfactory alternative arrangement, or an inability to obtain essential components on reasonable terms or at all, could materially adversely affect our business, operations and cash flows. Our business and operations could also be materially adversely affected by delays in deliveries from suppliers.

The outsourcing of production to other countries entails risks of production interruption and unexpected costs

We outsource production of our CCS product to lower cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment. Such production is currently completed by suppliers located in Nogales, Mexico and Nagoya, Japan and three cities in China; Shenzhen, Tianjin and Hangzhou. Our use of suppliers located outside of the United States entails risk of production interruption and unexpected costs due to the extended logistics.

Automobile manufacturers demand on-time delivery of quality products, and some have required the payment of substantial financial penalties for failure to deliver components to their plants on a timely basis. Such penalties, as well as costs to avoid them, such as overtime costs and overnight air freighting of parts that normally are shipped by other less expensive means of transportation, could have a material adverse effect on our business and financial condition. Moreover, the inability to meet demand for our products on a timely basis would materially adversely affect our reputation and future commercial prospects.

We may not be able to persuade potential customers of the merits of our products and justify their costs to increase our sales

Because of the sophisticated nature and early stage of development of our products, we have been, and will continue to be, required to educate potential customers and demonstrate that the merits of our products justify the costs associated with such products. We have relied on, and will continue to rely on, automobile manufacturers and manufacturers in other industries and their dealer networks to market our products. The success of any such relationship will depend in part on the other party’s own competitive, marketing and strategic considerations, including the relative advantages of alternative products being developed and/or marketed by any such party. There can be no assurance that we will be able to continue to market our products successfully so as to generate meaningful product sales increases or to continue at existing sales volumes.

The sales cycle for our products is lengthy and the lengthy cycle impedes growth in our sales

The sales cycle in the automotive components industry is lengthy and can be as long as four years or more for products that must be designed into a vehicle, because some companies take that long to design and develop a vehicle. Even when selling parts that are neither safety-critical nor highly integrated into the vehicle, there are still many stages that an automotive supply company must go through before achieving commercial sales. The sales cycle is lengthy because an automobile manufacturer must develop a high degree of assurance that the products it buys will meet customer needs, interface as easily as possible with the other parts of a vehicle and with the automobile manufacturer’s production and assembly process, and have minimal warranty, safety and service problems. As a result, from the time that a manufacturer develops a strong interest in our CCS product, it normally will take several years before our CCS product is available to consumers in that manufacturer's vehicles.

In the automotive components industry, products typically proceed through five stages of research and development. Initial research on the product concept comes first, to assess its technical feasibility and economic costs and benefits. This stage often includes development of an internal prototype for the component supplier's own evaluation. If the product appears feasible, the component supplier manufactures a functioning prototype to demonstrate and test the product's features. These prototypes are then marketed and sold to automotive companies for testing and evaluation. If an automobile manufacturer shows interest in the product, it typically works with the component supplier to refine the product, then purchases second and subsequent generation engineering prototypes for further evaluation. Finally, the automobile manufacturer either decides to purchase the component for a production vehicle or terminates the program.

The time required to progress through these five stages to commercialization varies widely. Generally, the more a component must be integrated with other vehicle systems, the longer the process takes. Further, products that are installed by the factory usually require extra time for evaluation because other vehicle systems are affected, and a decision to introduce the product into the vehicle is not easily reversed. Because our CCS product affects other vehicle systems and is a factory-installed item, the process takes a significant amount of time to commercialization.

Other TED products that we develop are also likely to have a lengthy sales cycle. Because such technology is new and evolving, and because customers will likely require that any new product we develop pass certain feasibility and economic viability tests before committing to purchase, it is expected that any new products we develop will take some years before they are sold to customers.

The automotive industry is subject to intense competition and our current products may be rendered obsolete by future technological developments in the industry

The automotive component industry is subject to intense competition. Virtually all of our competitors are substantially larger in size, have substantially greater financial, marketing and other resources, and have more extensive experience and records of successful operations than we do. Competitors are promoting new products that may compete with our CCS product. Additionally, heat only devices are readily available from our competitors at relatively low prices. Competition extends to attracting and retaining qualified technical and marketing personnel. There can be no assurance that we will successfully differentiate our products from those of our competitors, that the marketplace will consider our current or proposed products to be superior or even comparable to those of our competitors, or that we can succeed in establishing new or maintaining existing relationships with automobile manufacturers. Furthermore, no assurance can be given that competitive pressures we face will not adversely affect our financial performance.

Due to the rapid pace of technological change, as with any technology-based product, our products may even be rendered obsolete by future developments in the industry. Our competitive position would be adversely affected if we were unable to anticipate such future developments and obtain access to the new technology.

Any failure to protect our intellectual property could harm our business and competitive position

As of December 31, 2007, we owned sixteen U.S. patents and had thirty-four U.S. patents pending and our subsidiary BSST owned nine U.S. patents, one foreign patent and had eleven U.S. patents pending and thirty-two foreign patents pending. We were also licensees of three patents and joint owners with Honda Motor Co. of two U.S. patents and five Japanese patents. We also owned thirty-eight foreign patents and had twelve foreign patent applications pending. We believe that patents and proprietary rights have been and will continue to be very important in enabling us to compete. The first of the three licensed patents expires on November 17, 2008. There can be no assurance that any new patents will be granted or that our or our licensors' patents and proprietary rights will not be challenged or circumvented or will provide us with meaningful competitive advantages or that pending patent applications will issue. Furthermore, there can be no assurance that others will not independently develop similar products or will not design around any patents that have been or may be issued to our licensors or us. Failure to obtain patents in certain foreign countries may materially adversely affect our ability to compete effectively in those international markets. We hold current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties, totaling $100,000 annually, and must continue to comply with those licensing agreements. Failure to do so or loss of such agreements could materially and adversely affect our business.

Because of rapid technological developments in the automotive industry and the competitive nature of the market, the patent position of any component manufacturer is subject to uncertainties and may involve complex legal and factual issues. Consequently, although we either own or have licenses to certain patents, and are currently processing several additional patent applications, it is possible that no patents will issue from any pending applications or that claims allowed in any existing or future patents issued or licensed to us will be challenged, invalidated, or circumvented, or that any rights granted there under will not provide us adequate protection. There is an additional risk that we may be required to participate in interference proceedings to determine the priority of inventions or may be required to commence litigation to protect our rights, which could result in substantial costs.

Our products may conflict with patents that have been or may be granted to competitors or others

Other persons could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of our products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to us and diversion of effort by our management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that we would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have a material adverse effect on our business. In addition, if we become involved in litigation, it could consume a substantial portion of our time and resources. From time to time, we receive notices from third parties suggesting that our products infringe on the proprietary rights of others; however, to date we have not received any such notice that we believe describes a valid claim of infringement.

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 Dr. Lon E. Bell, the President of BSST, could have a material adverse effect on the success of BSST.

Our success will also depend, in part, upon our ability to retain qualified engineering and other technical and marketing personnel. There is significant competition for technologically qualified personnel in our business and we may not be successful in recruiting or retaining sufficient qualified personnel.

Our reliance on outside major contractors may impair our ability to complete certain projects and manufacture products on a timely basis

We have engaged outside contractors to perform product assembly and other production functions for us. We believe that there are other outside contractors that provide services of the kind that are used by us and that we may desire to use in the future. However, no assurance can be given that any such contractors would agree to work for us on terms acceptable to us or at all. Our inability to engage outside contractors on acceptable terms or at all would impair our ability to complete any development and/or manufacturing contracts for which outside contractors' services may be needed. Moreover, our reliance upon third party contractors for certain production functions reduces our control over the manufacture of our products and makes us dependent in part upon such third parties to deliver our products in a timely manner, with satisfactory quality controls and on a competitive basis.

Our business exposes us to potential product liability risks

Our business exposes us to potential product liability risks which are inherent in the manufacturing, marketing and sale of automotive components. In particular, there are substantial warranty and liability risks associated with our products. If available, product liability insurance generally is expensive. While we presently have product liability coverage at amounts we currently consider adequate, there can be no assurance that we will be able to obtain or maintain such insurance on acceptable terms with respect to other products we may develop, or that any insurance will provide adequate protection against any potential liabilities. In the event of a successful claim against us, a lack or insufficiency of insurance coverage could have a material adverse effect on our business and operations.

Because many of the largest automotive manufacturers are located in foreign countries, our business is subject to the risks associated with foreign sales

Many of the world's largest automotive manufacturers are located in foreign countries. Accordingly, our business is subject to many of the risks of international operations, including governmental controls, tariff restrictions, foreign currency fluctuations and currency control regulations. However, historically, substantially all of our sales to foreign countries have been denominated in U.S. dollars. As such, our historical net exposure to foreign currency fluctuations has not been material. No assurance can be given that future contracts will be denominated in U.S. dollars or that existing contracts will be honored by our suppliers or customers.

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

We engage contractors located in foreign countries. Accordingly, we will be subject to all of the risks inherent in international operations, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, economic disruptions, the imposition of tariffs and import and export controls, changes in governmental policies and other factors which could have an adverse effect on our business.

Risks Relating to Share Ownership

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

Our quarterly operating results may fluctuate significantly in the future due to such factors as acceptance of our product by automotive manufacturers and consumers, timing of our product introductions, availability and pricing of components from third parties, competition, timing of orders, foreign currency exchange rates, technological changes and economic conditions generally. Broad market fluctuations in the stock markets can adversely affect the market price of our Common Stock. In addition, failure to meet or exceed analysts' expectations of financial performance may result in immediate and significant price and volume fluctuations in our Common Stock.

Historically, the average daily trading volume of our Common Stock has been relatively low as compared to the total number of outstanding shares of Common Stock. Without a significantly larger number of shares made available for trading by the public, our Common Stock is less liquid than stocks with more trading activity, and as a result, trading prices of our Common Stock may significantly fluctuate and certain institutional investors may be unwilling to invest in such a thinly traded security.

We have anti-takeover defenses that could make it more difficult for a third party to acquire a majority of our outstanding voting stock.

Our Board of Directors has the authority to issue up to 4,991,000 shares of Preferred Stock and to determine the price, rights (including conversion rights), preferences and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock.

We do not anticipate paying dividends on our Common Stock

We have never paid any cash dividends on our Common Stock and do not anticipate paying dividends in the near future.

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ITEM 6. EXHIBITS

Exhibits to this Report are as follows:

Exhibit Number	Description
3.1.1	Articles of Incorporation (1)
3.1.2	Plan of Merger dated March 23, 2005 by which the Articles of Incorporation were amended effective as of May 20, 2005(1)
3.2.1	Bylaws of the Company(1)
3.2.2	First Amendment to Bylaws of the Company (13)
10.1*	1993 Stock Option Plan(3)
10.2.1*	Amended and Restated 1997 Stock Incentive Plan(4)
10.2.2*	First Amendment to Amended and Restated 1997 Stock Incentive Plan(1)
10.2.3*	Second Amendment to Amended and Restated 1997 Stock Incentive Plan(1)
10.3.1*	2006 Equity Incentive Plan (11)
10.3.2*	Amendment to 2006 Equity Incentive Plan (12)
10.3.3*	Second Amendment to 2006 Equity Incentive Plan (13)
10.4.1	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc.(3)
10.4.2	Amendment to Option and License Agreement between the Company and Feher Design dated September 1, 1997(5)
10.5	Manufacturing and Supply Agreement between the Company and Ferrotec Corporation dated March 28, 2001(6)
10.6.1*	Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(8)
10.6.2*	First Amendment to Assignment and Subscription Agreement between BSST LLC and Dr. Lon E. Bell dated September 4, 2000(10)
10.7	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)
10.12	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.

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 30, 2008

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

Date: October 30, 2008

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 30, 2008

/s/ Daniel R. Coker

Daniel R. Coker
President & Chief Executive Officer

Exhibit 31.2

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 30, 2008

/s/ Barry G. Steele
Barry G. Steele
Chief Financial Officer

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

In connection with the Quarterly Report of Amerigon Incorporated (the “Company”) on Form 10-Q for the period ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel R. Coker, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Daniel R. Coker
Daniel R. Coker
President and Chief Executive Officer
October 30, 2008

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, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Barry G. Steele, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Barry G. Steele

Barry G. Steele
Chief Financial Officer
October 30, 2008