UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re: **ENERGY CONVERSION DEVICES, INC., et al.,**[1] Debtors.	**Chapter 11** Case No. 12-43166 (Joint Administration Requested) Hon. Thomas J. Tucker

DECLARATION OF WILLIAM C. ANDREWS, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, IN SUPPORT OF FIRST-DAY MOTIONS

I, William C. Andrews, hereby declare that the following is true to the best of my knowledge, information and belief:

1. I am the Chief Financial Officer and Executive Vice President for debtor Energy Conversion Devices, Inc. ("**ECD**") and for debtor United Solar Ovonic LLC ("**USO**" or together with ECD, the "**Debtors**"). I submit this declaration (the "**Declaration**") in support of the Debtors' petitions and first-day motions and applications described in Part II below (collectively, the "**First-Day Motions**"). Except as otherwise indicated, all statements in this Declaration are based upon my personal knowledge, my review of the Debtors' books and records, relevant documents and other information prepared or collected by the Debtors' employees at my direction, or my opinion based on my experience with the Debtors' operations and financial condition. In making my statements based on my review of the Debtors' books and records, relevant documents and other information prepared or collected by the Debtors' employees, I have relied upon those employees accurately recording, preparing or collecting any such

[1] The Debtors in the proposed jointly administered cases are Energy Conversion Devices, Inc. and United Solar Ovonic LLC.

documentation and other information. If I were called to testify as a witness in this matter, I could and would competently testify to each of the facts set forth herein based upon my personal knowledge, review of documents, or opinion. I am authorized to submit this Declaration on behalf of the Debtors.

2. I have been employed with the Debtors since November 10, 2010 in the capacity of Executive Vice President and Chief Financial Officer. Prior to that, I served as Interim Chief Financial Officer for approximately six months. Prior to joining the Debtors, I served for 12 years at BBK, Ltd., a global business advisory firm, most recently as Senior Managing Director and co-lead of the firm's North American automotive practice. I received a Masters of Management, with distinction, from Northwestern University.

3. Part I of this Declaration provides an overview of the business of the Debtors, the developments that led to their filing for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") and the goals for these chapter 11 cases (the "**Cases**"). Part II of this Declaration sets forth the relevant facts in support of the First-Day Motions filed concurrently herewith in support of the Cases.

PART I

Corporate Overview

4. Founded in 1961 in Detroit, Michigan, ECD has been at the forefront of materials science and renewable energy technology for over 50 years. ECD's achievements in the laboratory are well documented, having been granted over 100 U.S. and international patents in its continuing operations. Beyond lab research, ECD has successfully commercialized several technologies, including solar photovoltaics ("**PV**") and nickel-metal-hydride ("**NiMH**") rechargeable batteries.

5. ECD is a publicly traded company listed on the NASDAQ Global Select Market under the ticker symbol "ENER." ECD is primarily a holding company that operates through its subsidiaries. ECD's major subsidiaries operate businesses involving (a) the manufacture and sale of lightweight, flexible thin-film PV laminates through its indirect wholly owned subsidiary, USO, and (b) the installation and servicing of rooftop PV systems through its wholly owned subsidiary Solar Integrated Technologies, Inc. ("**SIT**").[2]

6. Prior to recent layoffs, the Debtors employed more than 1,400 people at manufacturing locations in Michigan, Canada and Mexico and at globally-located sales offices.

A. <u>United Solar Ovonic LLC</u>

7. USO is the world's only large-scale manufacturer of flexible lightweight PV laminates designed to be integrated directly with roofing materials. USO's PV laminates, which are marketed under the *UNI-SOLAR®* brand, have several advantages over conventional, commodity glass-based solar panels, including: better aesthetics; lighter weight; suitability for a broader range of commercial roofs including the low-load bearing roof and building-integrated photovoltaic ("**BIPV**") market; easier installation including the ability to be factory integrated into roofing materials; no roof penetrations; and historically higher incentives in key markets.

8. USO sells its PV laminates principally for commercial and industrial rooftop applications through roofing materials manufacturers, builders and building contractors, and solar power installers/integrators that incorporate USO's PV laminates into their products for commercial sale. More than 500 megawatts of *UNI-SOLAR®* laminates have been installed on thousands of rooftops worldwide, including roofs for many of the world's most respected

[2] SIT is not a debtor in these proceedings. SIT has initiated a Chapter 7 proceeding that is not jointly administered with these Cases.

companies. Many of these installations were financed with long-term project financing from leading global financing institutions.

9. USO's PV laminates compete with other solar technologies, conventional electricity generation technologies and non-solar renewable energy generation technologies such as wind-powered turbines.

10. For the year ended June 30, 2011, USO accounted for 100% of the Debtors' consolidated revenue and generated an operating loss of $248.5[3] million for that same period.

11. USO is headquartered in Auburn Hills, Michigan, and has manufacturing facilities in Auburn Hills and Greenville, Michigan; Tijuana, Mexico; and LaSalle, Ontario. It also has manufacturing capability through a joint venture in Tianjin, People's Republic of China. USO maintains sales offices in France, Germany, Italy and the United States, but is in various stages of closing certain sales offices. USO maintains a research and development facility in Troy, Michigan.

B. Solar Integrated Technologies, Inc.

12. Prior to 2009, SIT was owned independently from ECD and engaged in the business of designing, manufacturing and installing BIPV roofing systems, and was one of ECD's largest customers. In 2009, SIT was merged with and into a subsidiary of ECD, resulting in SIT as the surviving entity and wholly owned subsidiary of ECD (the "**Merger**").

13. The Merger was an important element of the Debtors' growth plan to expand its capabilities from manufacturing and selling solar products to providing complete solar solutions and value-added services.

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[3] Approximately $228 million of the operating loss was an impairment loss arising from the write-down of the book value of equipment and technology.

14. SIT is headquartered in Auburn Hills, Michigan, has a location in Los Angeles, California and has wholly owned subsidiaries conducting business operations in several European countries; certain of SIT's foreign operations are in various stages of winding down.

C. Non-Debtor Subsidiaries

15. A listing of all of the Debtors' subsidiaries and joint ventures and their respective status is on **Exhibit A** to this Declaration.

a. United Solar Ovonic Jinneng Limited

16. United Solar Ovonic Jinneng Limited is a joint venture organized under the laws of the People's Republic of China to manufacture solar products in China for sale in the Chinese market using solar cells purchased from, and technology licensed by, USO. USO presently owns 25% of the joint venture, with the option to increase its ownership to 51% in certain circumstances. Tianjin Jinneng Investment Co., a large Chinese regional utility company, owns the remainder of the joint venture. The joint venture commenced operations in the fourth quarter of fiscal year 2010.

b. Ovonyx, Inc.

17. Ovonyx, Inc. ("**Ovonyx**") is not a debtor in these Cases. Ovonyx is a joint venture formed to commercialize the Debtors' proprietary non-volatile phase change random access memory technology used in such applications as smartphones, computers, digital cameras and microelectronics. ECD owns 38.6% of the common stock of Ovonyx. The Debtors have retained an investment banker and begun a process to seek a sale of its interest in Ovonyx, subject to Court approval.

c. United Solar Canada ULC

18. United Solar Canada ULC is a wholly owned subsidiary of USO organized under the laws of Canada to manufacture solar products for sale in Canada, using solar cells purchased from and technology licensed by USO.

d. United Solar Systems de Mexico, S.A. de C.V.

19. United Solar Systems de Mexico, S.A. de C.V. ("**USO Mexico**") is a wholly owned subsidiary of USO organized under the laws of Mexico. USO Mexico was organized primarily to take advantage of favorable labor rates for the manufacture of USO's solar products.

Financing Overview

A. JP Morgan Chase Bank, N.A. Letter of Credit Facility

20. USO and United Solar Ovonic Corporation maintain a letter of credit facility with JP Morgan Chase Bank, N.A. ("**Chase**"). The Letter of Credit Agreement provides for a letter of credit facility in an aggregate amount equal to $15,000,000 and requires cash collateral pledged to Lender in a deposit account (the "**Cash Collateral Account**") equal to or greater than 102% of the outstanding letters of credit. The maturity date for the facility is August 31, 2013. The Cash Collateral Account is maintained in the name of USO at JP Morgan Chase Bank, N.A., and as of the Petition Date, the balance in the Cash Collateral Account was $5,792,569. USO and United Solar Ovonic Corporation are jointly and severally obligated under the Letter of Credit Agreement. As of the Petition Date, the aggregate undrawn face amount of issued and outstanding letters of credit is $5,678,275. The letters of credit have been issued in connection with (i) real estate leases entered into by the Debtors, and (ii) to secure certain performance and/or operating and maintenance obligations relating to installation projects involving USO's *UNI-SOLAR*® solar laminates.

B. **2013 Convertible Senior Notes**

21. In 2008, ECD completed an offering of $316.3 million of convertible senior unsecured notes (the "**Notes**"). Debtors undertook debt-for-equity swaps with certain Note holders in the summer and fall of 2010 under section 3(a)(9) of the Securities Act. The Company was able to swap $53 million in par value of the Notes into equity, leaving the current $263 million in par value outstanding. The Notes bear interest at a rate of 3.0% per year. If the Notes are not converted, they will mature on June 15, 2013. Interest is payable semi-annually on June 15 and December 15, with a 30-day cure period. The currently outstanding principal balance of the Notes is approximately $263,153,000.

C. **Intercompany Credit Agreement**

22. As of December 19, 2011, ECD and USO, as creditor and debtor respectively, entered into a $5,000,000 secured Line of Credit Agreement to be used to fund USO's working capital requirements. The obligations under the Line of Credit Agreement are secured by a security interest in certain of USO's working capital assets, including without limitation, accounts, inventory and other receivables. As of the Petition Date, the outstanding balance under the Line of Credit Agreement is $5,000,000.

D. **Financial Derivatives**

23. USO and Chase are parties to an ISDA 2002 Master Agreement and Credit Support Annex dated as of as of June 10, 2008 pursuant to which Chase and USO agreed to enter into certain financial derivatives arrangements with respect to foreign currency exchanges (the "**USO Derivates Agreement**"). As of the Petition Date, USO has no obligations relating to the USO Derivative Agreement and has posted no collateral with Chase relating to the USO Derivative Agreement. The payment in full of the obligations owing under the Letter of Credit Agreement or the failure of Chase to continue to have outstanding commitments under the Letter

of Credit Agreement constitute termination events under the USO Derivatives Agreement unless another party assumes Chase's obligations thereunder.

24. Additionally, Solar Integrated Technologies GmbH ("**SIT GMBH**"), a wholly owned subsidiary of SIT, and Chase are parties to an ISDA 2002 Master Agreement dated as of December 4, 2009 pursuant to which Chase and SIT GMBH agreed to enter into certain financial derivative arrangements with respect to foreign currency exchanges (the "**SIT GMBH Derivative Agreement**"). Pursuant to a Guaranty dated as of December 4, 2009, and a Credit Support Annex dated as of December 4, 2009 and amended February 23, 2010, each given by ECD in favor of Chase, ECD guaranteed payment of amounts owing by SIT GMBH to Chase under the SIT GMBH Derivative Agreement. As of the Petition Date, ECD has no obligations owing under the Guaranty or relating to the SIT GMBH Derivative Agreement and has posted no collateral with Chase relating to the Guaranty or SIT GMBH Derivative Agreement.

E. Historical Intercompany Funding

25. Historically, ECD has funded USO's operations by advancing approximately $800 million to USO since 2003, which is reflected on the most recent internal accounting records of each entity as a debt obligation but has not been uniformly recorded on the internal accounting records of each entity as debt. Since ECD and USO have historically published consolidated financial statements, the separate accounting for the transactions is not reflected in historical published financial statements. The approximately $800 million consists of between $300 to $400 million advanced to fund capital expenditures, between $300 to $400 million advanced to fund losses at USO and between $60 to $70 million in accrued interest.

Factors Leading to Filing Chapter 11

A. Capacity Expansion and Capital Raise

26. Beginning in 2006 and through mid-2008 the conditions in the solar industry were highly favorable towards USO and its product. The strength in the global economy led to a surge in new construction of commercial buildings. European governments were offering highly favorable incentives for the installation of renewable energy projects such as those using USO's *UNI-SOLAR*® laminates. Polysilicon, the main raw material in alternative solar technologies, was in short supply and high demand leading to prices above $400 per kilogram, which in turn, made USO's thin-film PV laminates both the cost and price leader in the industry. Credit for financing solar energy projects was readily available and cheap. Based on these factors, USO undertook a rapid expansion of its manufacturing operations financed by Notes and the sale of common stock. During the five year period from July 2007 through June 2011, the Debtors invested approximately $616 million on capital expenditures.

B. A Multitude of Industry, Market and Debtors-Specific Factors Converged to Force the Debtors to Initiate These Cases

27. Beginning in 2009, USO's sales began to slow at the same time that pricing for all solar products, including *UNI-SOLAR*® laminates declined. The price for commodity crystalline silicon solar modules decreased by approximately 75% during the three years prior to the Petition Date. Faced with this weakened financial outlook, management slowed its capacity growth and took measures to cut costs to match the falling prices. Despite Debtors' efforts to reduce cost, profit margins suffered, and Debtors began to generate cash losses.

28. The following factors contributed to the unfavorable market conditions and, ultimately, the Debtors initiating these Cases:

a. Commercial construction market weakens

29. USO's solar products were historically sold through building material OEMs and roofing contractors who relied on a robust construction market. As the global recession of 2009-2010 weakened the construction market, fewer new and re-roof construction projects were undertaken and therefore less opportunities for the installation of UNI-SOLAR® laminates.

b. Low cost competition

30. The solar energy market has grown intensely competitive and is rapidly evolving. Many competitors manufacturing predominantly crystalline silicon solar modules have entered the market selling products with lower cost and higher conversion efficiency than USO's solar laminates. Moreover, a steep decline and stabilization of the price of polysilicon, a key material used by alternative solar technologies, has contributed to the declining price for solar cells. Although the Debtors' *UNI-SOLAR*® brand solar laminates have historically commanded a premium price over commodity crystalline modules, the low cost competitors have caused downward pressure on the average selling price that Debtors were able to realize on their product.

31. The entire solar energy industry also faces price competition from conventional energy (for example a decline in base grid electricity prices), and non-solar renewable energy providers.

c. Decline in government incentives

32. Due to its relatively high up-front investment costs compared to most other energy sources, solar energy is generally not competitive without government incentive programs. Accordingly, growth in the solar industry has been closely tied to government mandates and incentives for PV designed to assist the solar industry. Certain governments, such as German, Spain, Italy and France, mandate that utilities purchase renewable energy at above-

market prices, which has made Europe the Debtors' largest market. The global economic downturn, especially the European debt crisis, has severely impacted the availability of government incentives and therefore made installation of Debtors' products in the key European market less financially attractive to customers. Most notably, France and Italy, USO's largest markets, abruptly stopped their solar incentives in late 2010 and early 2011, respectively. The markets remained closed for several months before re-opening, though with markedly lower incentives.

d. Oversupply

33. In addition to the downward pressure on sales price arising from entrance of low cost competitors and from less attractive governmental incentives, the solar industry has also been faced with a dramatic oversupply of solar panels resulting in additional downward pressure on average sales price. The declining average sales price, combined with other factors, has forced at least three solar companies to seek protection under the United States Bankruptcy Code in recent months. *See In re Solyndra LLC*, Case No. 11-12799 (Bankr. D. Del. 2011); *In re Evergreen Sales, Inc.*, Case No. 11-15290 (Bankr. D. Del. 2011); and *In re SpectraWatt*, Case No. 11-37366 (Bankr. S.D.N.Y 2011). Inventory liquidation sales arising from these recent bankruptcy filings exacerbates the downward pressure on global selling price for solar panels.

e. Lack of available credit for project financing

34. Large scale solar installations are generally financed through long-term financing arrangements. Because USO's products have been rigorously tested and have a long and successful operating track record, with some of its products operating in the field for as long as 20 years, project financing for USO's products has historically been available. However, the extended global credit crisis has made financing for large scale projects difficult to obtain.

f. Technological competitiveness

35. A significant number of competitors are developing or currently producing products based on solar energy technologies with higher conversion efficiencies, including cadmium telluride, CIGS and microcrystalline technologies, which may offer cost and technology advantages over the technologies currently used by Debtors. Debtors must invest in further research and development of its products to increase the product's conversion efficiency and to remain competitive in the market.

g. Excessive Debt

36. The Debtors have too much debt and need to restructure their balance sheets. As of December 31, 2011, the Debtors had approximately $263 million face value of outstanding debt due in June, 2013 and approximately $30 million in other long-term obligations. This high level of debt and its short-term maturity impairs the Debtors' ability to operate competitively by reducing the Debtors' flexibility to fund critical capital expenditures, and placing the Debtors at a competitive disadvantage to competitors with less leverage. The Debtors' excessive debt also restricts the ability to raise additional capital. It is unlikely the Debtors will have adequate liquidity to repay the Notes at maturity.

h. Operating losses

37. The Debtors' financial performance has recently deteriorated rapidly. Total consolidated revenue from continuing operations for the first quarter of fiscal year 2012, ended September 30, 2011, was $18.7 million, which compares to $62.8 million in the first quarter of fiscal year 2011, and $36.8 million in the fourth quarter of fiscal year 2011. In the first quarter of fiscal year 2012, the company sold 11 megawatts of its unique UNI-SOLAR® brand solar products compared to 24.4 megawatts in the first quarter of fiscal year 2011 and 14.3 megawatts in the fourth quarter of 2011. For the first quarter of fiscal year 2012, the Debtors generated a

net operating loss from continuing operations of $47.0 million, which includes a non-cash impairment charge of $34.4 million. This result compares to an operating loss of $7.8 million in the first quarter of fiscal year 2011 and $28.0 million in the fourth quarter of fiscal year 2011.

C. <u>Efforts to Reorganize and Restructure</u>

38. USO has reduced the cost of manufacturing its solar products and taken steps to align its expenses with expected revenue. In 2010, USO reconfigured its manufacturing footprint to take advantage of low-cost manufacturing opportunities in Mexico. Subsequently, in May 2011, the Debtors initiated a comprehensive cost-reduction program that included functional consolidation and organization realignment. As part of the May 2011 restructuring, the Debtors and their affiliates took personnel reductions of 290 employees and other reductions resulting in an estimated cash savings of approximately $19 million per year.

39. The Debtors have also taken steps prepetition to sell assets. In June 2011, the Debtors retained a global investment bank advisory firm to assist with restructuring and to market the Debtors or their assets for a potential sale or investment transaction, but were not able to complete a sale transaction.

40. Through the remainder of 2011, sales volumes continued to suffer and USO management attempted to reposition the company through a renewed focus on technology enhancement and sales diversification through a new initiative called Open Solar™. The goal of Open Solar is to build a platform for innovation around USO's core PV technology and let third parties develop new products using USO's technology.

41. In the fall of 2011, sales volume continued at unsustainably low volumes, and in order to preserve cash and minimize excess inventory, the Debtors and their affiliates temporarily suspended all manufacturing operations, furloughed approximately 240 employees

and laid off another 530 full time employees and contractors. Currently, the Debtors and affiliates maintain approximately 460 active employees.

42. The Debtors successfully closed a sale of its Ovonic Battery Company, Inc. subsidiary ("**OBC**"). OBC is a pioneer in advanced battery technology, primarily as the inventor and worldwide licensor of NiMH battery technology, as well as state-of-the-art cathode materials for Lithium-Ion ("**Li-Ion**") batteries. In July 2011, ECD engaged an investment banker and began a thorough process to seek a sale of its interest in OBC. ECD negotiated and executed a definitive purchase agreement with BASF Corporation, to sell OBC for gross purchase price of approximately $58 million. The OBC sale transaction closed on February 13, 2012.

Chapter 11 Goals

43. ECD presently has approximately $145 million of unrestricted cash and short-term investments, which includes the proceeds of the OBC Transaction. The Debtors have determined that its current financial position is insufficient to sustain the current operating environment and make the necessary investments for the future of the solar business without restructuring through the bankruptcy process.

44. In September 2011, the Debtors engaged in negotiations with an *ad hoc* consortium of noteholders representing over 70% of the Notes. The Debtors and the Note holders were able to reach a Plan Support Agreement outlining a structure that permits the Debtors to initiate these Cases, maximize value for all of its stakeholders by attracting new capital through a sale of all or substantially all of the assets of USO and ECD's other assets, and to orderly winddown their estates after completion of the sale.

PART II

First-Day Motions and Applications

45. In order to facilitate the continuity of their business operations during these chapter 11 proceedings, the Debtors have requested that the Court grant expedited relief as set forth in the respective First-Day Motions filed concurrently with this Declaration. Below are summaries of the relief sought in each of the First-Day Motions.

A. USO's Use of ECD's Cash Collateral

46. Based on the Credit Agreement and a Security Agreement dated December 19, 2011, ECD extended a line of credit of up to $5 million (the "**Secured Indebtedness**") to USO secured by, among other collateral, USO's accounts, documents, instruments, general intangible (excluding Intellectual Property), deposit accounts, letter-of-credit rights, chattel paper, investment property, inventory, rights in a certain Economic Development Grant Agreement and all other personal property of USO (the "**Prepetition Collateral**").

47. As of the Petition Date, the outstanding Secured Indebtedness of USO to ECD was the maximum $5,000,000.00.

48. Debtors estimate that USO needs to use up to $4,000,000 in Cash Collateral and an additional $636,000 of funding from ECD on an interim basis until a final hearing on their First-Day Motion to Approve Debtors' Cash Management System, Including Approval of Use of Cash Collateral and Intercompany Transfers on an Administrative Expense Basis. During the interim period, the cash collateral will be used to pay normal operating expenses that are necessary to maintain the core nucleus of ongoing operations. These amounts include, without limitation, employee payroll and benefits, utility costs, rent, and material purchases for research and development. Failure to pay these expenses will cause immediate and irreparable harm to the Debtors by interrupting the ongoing operations and jeopardizing any going concern sale.

49. Debtors estimate that USO will need cash advances from ECD of $7,931,000 from entry of the final order through the currently projected end of the of sale process in May 15, 2012.

B. Cash Management System

50. The Debtors cash management system facilitates the timely and efficient collection, management and disbursement of funds used in the Debtors' business. The cash management system allows the Debtors to centrally manage all of their cash flow needs and includes the necessary accounting controls to enable the Debtors to prepare operating reports. The cash management system benefits the Debtors in significant ways, including by allowing the Debtors to (a) control corporate funds centrally, (b) ensure availability of funds when necessary, and (c) reduce administrative expenses by facilitating the movement of funds and providing more timely and accurate balance and presentment information.

51. If the Debtors were required to close certain of their accounts, it would cause a significant disruption of daily operations and would cause the Debtors to expend significant resources to reestablish alternative accounts. This would impair the Debtors ability to initiate electronic fund transfers, automatic clearing house transfers and wire transfers through Chase's treasury management online system.

52. The Debtors are able to closely monitor the proposed existing bank accounts to ensure that there will be no postpetition payment on prepetition obligations. All outgoing transfers must be approved by either me or Gregory G. Coppola, Vice President and Treasurer of ECD and USO. We are the only people authorized to make transfers. The automated transfers are limited and related predominantly to payroll.

53. As of the close of business on February 10, 2012, there were only 18 checks outstanding, and that number will probably have decreased by the Petition Date. The Debtors

will stop payment on these outstanding checks at the Petition Date. Stopping payment on such a limited number of checks should not be burdensome.

C. Employee Benefits

54. Presently, the Debtors have approximately 460 active employees.[4] The Debtors estimate that it incurred the following employee obligations in the ordinary course of business that remain unpaid as of the Petition Date: (i) gross payroll obligations of approximately $240,000; (ii) approximately $40,000 in prepetition payroll taxes; (iii) approximately $200,000 in prepetition obligations under the Debtors' paid-time off plans; and (iv) approximately $10,000 for expenses incurred prior to the Petition Date for which they have not yet been reimbursed.

55. For administrative purposes, each employee's yearly allotment of paid time off is entered into the Debtors' time-keeping system on January 1st of each year; however, the employees become entitled to such amounts throughout the year. Pursuant to the Debtors' employee handbook, if a terminated employee has taken more paid days off than earned as of the date of termination, the Debtors typically deduct the excess amount from the employee's last paycheck.

56. Approximately 473 employees are eligible to participate in the 401(k) plan. The Debtors withhold approximately $80,000 in withholding contributions from employee payroll every two weeks. The Debtors spend approximately $22,000 per year to administer the 401(k) Plan.

57. The Debtors provide subsidized medical, dental, and employee-assistance

[4] This figure may include certain employees of the Debtors' non-debtor affiliates.

program ("**EAP**")[5] benefits to their employees (the "**Medical Plans**") for medical and other health related expenses, along with optional flexible spending accounts in which employees may set aside pre-tax contributions for health-related expenses. The Debtors also provide partially and fully subsidized life and disability insurance programs (the "**L&D Plans**"). The average monthly expenses (net of employee premiums) for the Medical Plans and the L&D Plans total approximately $400,000. The Debtors believe that there were no accrued but unpaid health and welfare benefits owed on the Petition Date.

[5] The Debtors' EAP benefits provide free confidential counseling to employees regarding personal and work-related issues.

CONCLUSION

I have reviewed the content of each of the First-Day Motions and exhibits thereto. The facts stated therein are true and correct to the best of my knowledge, information and belief, and I believe that the type of relief sought in each First Day Motion is necessary to maintain business operations and preserve the value of Debtors' assets.

I declare under penalty of perjury that the foregoing is true and correct.

William C. Andrews

Executed in Auburn Hills, Michigan
on February 14, 2012

Exhibit A

ENERGY CONVERSION DEVICES, INC CORPORATE ORGANIZATION CHART