July 31, 2006

Dan Casey
Manager of Economic Development
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, MI 48309

Re: Application for Industrial Facilities Tax Exemption

Dear Dan:

Energy Conversion Devices is pleased to submit the above-referenced application and required attachments in reference to 2923 Technology Drive.

Please note, as we discussed, the job creation number noted on the application includes employees for the Technology Drive location as well as additional employees for existing Rochester Hills-based facilities.

Should you have any questions, please contact me at (248) 293-0440. Thank you for your assistance.

Sincerely,

Nancy M. Bacon
Senior Vice President

Enclosures:

- Letter of Request from Property Owner for Establishment of District (3)
- $500 fee for Establishment of District – check from Property Owner
- Application for Industrial Facilities Exemption Certificate w/attachments (3)
- $500 Application Fee – check from ECD
- Company Profile (3)
- Site Map – Highlight location to be occupied (3)
- Legal Description of Property (3)
- Executed Copy of Lease (3)

ovonics@work
Energy Conversion Devices, Inc.
2956 Waterview Drive Rochester Hills Michigan 48309 T . 248.293.0440 F . 248.844.1214 www.ovonic.com

JOEL NOSANCHUK

July 28, 2006

Mr. Bryan Barnett, Mayor
City of Rochester Hills
1000 Rochester Hills Dr.
Rochester Hills, MI 48309

Re: Letter of Intent Regarding Lease for
2923 Technology Drive, Rochester Hills, Michigan

Dear Mayor Barnett:

The undersigned formally requests that the City of Rochester Hills establish an Industrial Development District at 2923 Technology Drive, Rochester Hills, Michigan for which the legal description is:

> The South 133 feet of Lot 33 and the North 142 feet of Lot 34, "Rochester Hills Executive Park" as recorded in Liber 199, Pages 26-30, Oakland County Public Records. Lying in the Southwest 1/4 of Section 29, and the Southeast 1/4 of Section 30, Town 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan. Containing 132,000 square feet, or 3.03 acres.

A lease between Energy Conversion Devices Inc. and myself is conditional upon and subject to Energy Conversion Devices, Inc. receiving all incentives and grants available from the State and/or City. The Lease would commence on August 1, 2006 with an expiration of October 31, 2011 and includes a five (5) year option, which would expire October 31, 2016. I understand from Energy Conversion Devices, Inc. that if this request is not granted within 90 days they will look elsewhere for a new facility.

If you have any questions about the matters discussed above, please feel free to call me.

Very truly yours,

Joel Nosanchuk

cc: Joe Pietrangeli, Director of Purchasing and Corporate Services - Energy Conversion Devices, Inc.
Daniel B. Casey, Manager/Economic Development for the City of Rochester Hills

P.O. BOX 668
BLOOMFIELD HILLS, MICHIGAN 48303-0668
OFFICE: (248) 433-1000 • FAX: (248) 433-3020

Michigan Department of Treasury
1012 (Rev. 4/04)

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) Energy Conversion Devices, Inc.	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four Digit Code) 3690	
1c. Location of Facility (Street, City, State, ZIP Code) 2923 Technology Drive	1d. Name of City/Township/Village (Indicate which) Rochester Hills	1e. County Oakland
2. Type of Approval Requested [X] New (Sec. 2(4)) [ ] Transfer (1 copy to only) [ ] Speculative Building (Sec. 3(8)) [ ] Rehabilitation (Sec. 3(1)) [ ] Research and Development (Sec. 2(9))	3a. School District where facility is located Avondale	3b. School Code 63070
	4. Amount of years requested for exemption (1-12 Years) Five (5) years and 3 months, plus optional five (5) years	

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).

The Technology Drive facility (50K ft2) will be used as an assembly plant to produce vacuum deposition chambers and other components for ECD's Production Technology Division. The plant will be designed around a lean manufacturing process in order to effectively assemble chambers and associated components with high quality and short lead times for eventual production of solar panels at ECD's Uni-Solar facilities.(Complete description attached.)

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	$700,000.00 Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation plus total costs	$1,730,000.00 Personal Property Costs
6c. Total Project Costs	$2,430,000.00 Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)		
Real Property Improvements	8/1/06	7/31/08	[ ] Owned	[X] Leased
Personal Property Improvements	8/1/06	7/31/08	[ ] Owned	[X] Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Committment to receive this exemption. [X] Yes [ ] No

9. Number of existing jobs at this facility that will be retained as a result of this project. 72	10. Number of new jobs at this facility expected to be created within two years of project completion. 55

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

a. SEV of Real Property (excluding land) .....
b. SEV of Personal Property (excluding inventory) .....
c. Total SEV .....

12a. Check the type of District the facility is located in:

[X] Industrial Development District [ ] Plant Rehabilitation District

12b. Date district was established by local government unit	12c. Is this application for a speculative building (Sec. 3(8))? [ ] Yes [ ] No

RECEIVED
AUG 2006
ROCHESTER HILLS
PLANNING DEPT.

APPLICANT CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name	13b. Phone Number	13c. Fax Number	13d. E-mail Address
Nancy M. Bacon	(248) 293-0440	(248) 844-1214	nbacon@ovonic.com
14a. Name of Contact Person	**14b. Phone Number**	**14c. Fax Number**	**14d. E-mail Address**
Joseph J. Pietrangeli	(248) 293-0440	(248) 844-2290	jpietrangeli@ovonic.com
15a. Name of Company Officer (No Authorized Agents)			
Nancy M. Bacon, Senior Vice President			
15b. Signature of Company Officer (No Authorized Agents)			15c. Date
N. M. Bac			8/1/06
15d. Mailing Address (Street, City, State, ZIP)		15e. Phone Number	15f. E-mail Address
2956 Waterview Drive		(248) 293-0440	nbacon@ovonic.com

LOCAL GOVERNMENT ACTION & CERTIFICATION

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit

- ☐ Abatement Approved for _____ Years (1-12)
  - After Completion ☐ Yes ☐ No
- ☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit

Indicate N/A if Not Applicable

- ☐ 1. Notice to the public prior to hearing establishing a district.
- ☐ 2. Notice to taxing authorities of opportunity for a hearing.
- ☐ 3. List of taxing authorities notified for district and application action.
- ☐ 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:

Indicate N/A if Not Applicable

- ☐ 1. Original Application plus attachments, and one complete copy
- ☐ 2. Resolution establishing district
- ☐ 3. Resolution approving/denying application.
- ☐ 4. Letter of Agreement (Signed by local unit and applicant)
- ☐ 5. Affidavit of Fees (Signed by local unit and applicant)
- ☐ 6. Building Permit for real improvements if project has already begun
- ☐ 7. Equipment List with dates of beginning of installation
- ☐ 8. Form 3222 (if applicable)
- ☐ 9. Speculative building resolution and affidavits (if applicable)

17. Name of Local Government Body	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP)	**19e. Phone Number**	**19f. Fax Number**

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

Project Description
(Box 5 on PA 198 Application)

The Technology Drive facility (50K ft2) will be used as an assembly plant to produce vacuum deposition chambers and other components for ECD's Production Technology Division prior to delivery and final qualification within ECD's Uni-Solar Division. The plant will be designed around a lean manufacturing process in order to effectively assemble chambers and associated components with high quality and short lead times for eventual production of solar panels. Additional infrastructure requirements for the Technology Drive facility are as follows:

1. *5 Ton and 10 Ton bridge crane*
2. *A clean room*
3. *Miscellaneous shop equipment to include saw, mill, lathe, sand blaster, welder*
4. *Miscellaneous cleaning equipment to include a small ultrasonic cleaner*
5. *HVAC upgrade*
6. *Separation Walls between the office area and shop floor*
7. *IT equipment to include high speed connection to the building, computers, etc.*

No building additions are expected at this time. The majority of noted infrastructure requirements will be purchased new.

ENERGY CONVERSION DEVICES

Continuous Build Estimate
Estimate Date: July 2006

	Description	2007 FY 7/06 – 6/07	2008 FY 7/07 – 6/08	2 Year Total
6.a	Building improvements Including cranes, HVAC changes, separation walls, and a Clean Room	$ 500,000	$ 200,000	$ 700,000
6.b	Cost of machinery, equipment, furniture and fixtures			
	* Machine Shop Machinery	$ 280,000	$ 150,000	$ 430,000
	* R&D Machinery for Growth	$ 100,000	$ 750,000	$ 850,000
	* IT Related Costs	$ 250,000	$ 200,000	$ 450,000
	Totals	$ 630,000	$1,100,000	$1,730,000

ECD Company Profile

ECD is a high technology company concentrating on developing clean energy generation, energy storage and information products. ECD and United Solar Ovonic (its solar subsidiary) are world leaders in thin-film amorphous silicon photovoltaics (PV), the direct conversion of sunlight to electricity. They have developed a unique line of lightweight, rugged and flexible solar products.

ECD is a world leader in nickel metal hydride (NiMH) battery technology developed for use in consumer electronic products, electric and hybrid vehicles, and stationary power applications. NiMH batteries, currently being manufactured in a 50/50 joint venture with Chevron, have use in cars, buses, electric scooters and other battery driven products. ECD is also engaged in the development of fuel cell and hydrogen storage systems technologies, and in the further development of electrical memories with Intel and other products with GE.

Equipment List (re 2923 Technology Drive)

Application For Industrial Facilities Exemption Certificate

6a Building Improvements including cranes, HVAC chg's, separation walls & clean room					
Description		Projected Install Date	Expected Cost Fy 07	Projected Install Date	Expected Cost Fy 08
Interior construction	Walls & Ceiling clean room	8/15/2006 9/15/2006	$ 125,000.00	7/15/2007 8/30/2007	
	Cage Fencing for crib		$ 15,000.00		
	Lunch room		$ 15,000.00		
	Floor drains for water containment		$ 10,000.00		
	Lavatories		$ 15,000.00		$ 12,000.00
	Front office partitions		$ 52,000.00		
Finishes	Floor	8/15/2006 9/15/2006	$ 13,000.00	7/15/2007 8/30/2007	
	Front Office		$ 8,500.00		$ 45,000.00
	Lavatories				$ 18,000.00
Doors, Frames, Hdw	Clean Room rolling door	8/15/2006 9/15/2006	$ 8,500.00		
	Clean room access		$ 2,500.00		
MEP	Lighting & Power	8/15/2006 9/15/2006	$ 15,000.00	7/15/2007 8/30/2007	$ 45,000.00
	HVAC Clean room		$ 42,000.00		
	Plumbing		$ 22,000.00		$ 15,000.00
	HVAC Front office				$ 65,000.00
Structural Modifications	Crane	8/15/2006 9/15/2006	$ 126,500.00		
	Roof ventilation		$ 15,000.00		
	Crane structural supports		$ 15,000.00		
	6a Totals		**$ 500,000.00**		**$ 200,000.00**
6b Cost of Machinery, equipment, furniture & fixtures					
Machine Shop	Vertical Boring Mill	9/15/2006 2/28/2007	$ 135,000.00	7/15/2007 12/15/2007	$ 30,000.00
	Lathe		$ 90,000.00		$ 85,000.00
	Small Parts Washer		$ 15,000.00		
	Tooling to support Mills & Lathe		$ 15,000.00		$ 10,000.00
	Small Bridgeport Mill		$ 25,000.00		$ 25,000.00
	Machine Shop Subtotals		**$ 280,000.00**		**$ 150,000.00**
R&D Machinery for Growth	Aluminum Test Chamber Cell	9/15/2006 2/28/2007	$ 75,000.00	7/15/2007 12/15/2007	
	Plasma Vacuum Deposition Test				$ 345,000.00
	Helium Leak Detection Equipment		$ 25,000.00		$ 145,000.00
	Additional Vacuum Pumps				$ 85,000.00
	Low Mass flow controllers				$ 150,000.00
	R&D Mach. Subtotals		**$ 100,000.00**		**$ 725,000.00**
IT Related Costs	Servers/Storage	9/15/2006 2/28/2007	$ 25,000.00	7/15/2007 12/15/2007	$ 50,000.00
	Workstations		$ 140,000.00		$ 125,000.00
	ERP Software		$ 25,000.00		
	CAD modeling software		$ 25,000.00		$ 25,000.00
	Analytical software		$ 35,000.00		
	IT Subtotals		**$ 250,000.00**		**$ 200,000.00**
	6b Totals		**$ 630,000.00**		**$ 1,075,000.00**

ENERGY CONVERSION DEVICES, INC.
2956 Waterview Drive
Rochester Hills . MI 48309 . USA
T 248 293 0440
F 248 844 1214

THE COMPANY

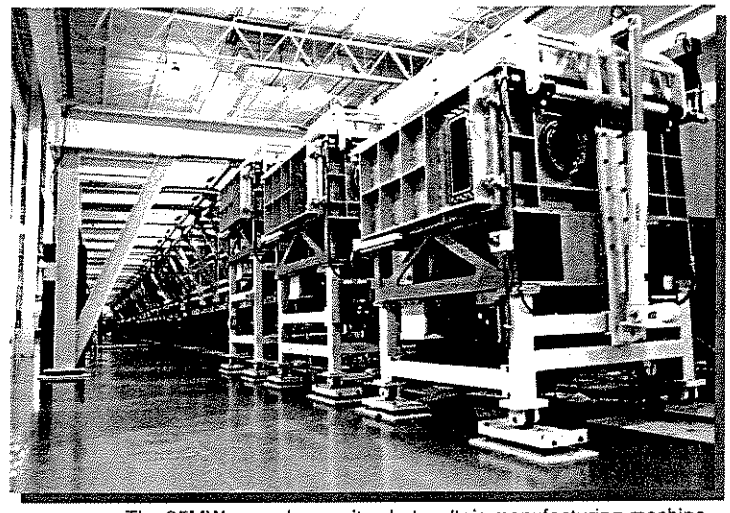
Energy Conversion Devices, Inc. (ECD Ovonics) is an advanced technology, product development and manufacturing company engaged in developing, commercializing and managing a portfolio of revolutionary technologies and products with numerous applications for energy generation, energy storage and information systems industries. Its clean energy and information business units include:

- *Energy Generation* — *UNI-SOLAR*® Photovoltaic Products
  - — Ovonic® Fuel Cell
- *Energy Storage* — Ovonic® NiMH Batteries
  - — Ovonic® Hydrogen Storage Systems
- *Information Systems* — Electronic Memory
  - Ovonic Unified Memory™ (OUM™)

ENERGY TECHNOLOGY

Photovoltaics

ECD Ovonics and United Solar Ovonic, its wholly-owned subsidiary, are world leaders in thin-film amorphous silicon photovoltaic (PV) technology – the direct conversion of sunlight into electricity. They hold world records in amorphous silicon stabilized energy conversion efficiency, and own 80 U.S. patents and 124 foreign counterparts in the PV field.



The 25MW annual capacity photovoltaic manufacturing machine using ECD Ovonics' proprietary continuous roll-to-roll solar cell deposition process. (United Solar Ovonic, Auburn Hills, Michigan, USA.)

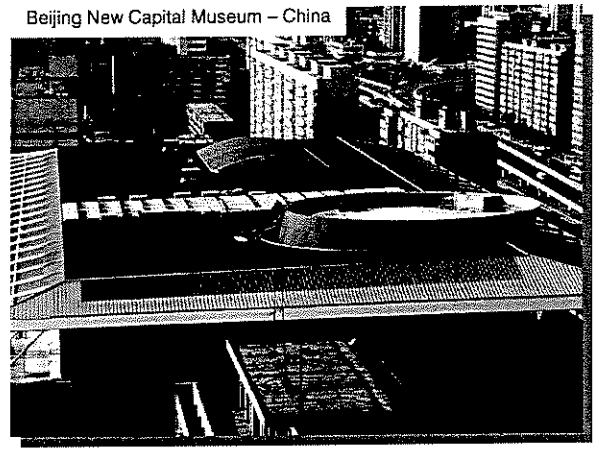
United Solar Ovonic, as the world leader in thin-film solar technologies and the manufacturer of thin-film solar electric modules and laminates, offers the most cost-effective and reliable solution to its customers to supplement their energy needs from solar electricity. *UNI-SOLAR*® products are lightweight, rugged and flexible – distinctive characteristics among solar products. The lightweight, flexible structure lends itself ideally to unique solar electric roofing products. Additionally, United Solar Ovonic provides a 20-year limited warranty on all its solar roofing products.

United Solar Ovonic plans to expand its production capacity to 300MW by 2010. Its existing 25MW plant (AH 1) is producing at full capacity. A second 25MW plant (AH 2) is under construction and is expected to be operational in the fall of 2006. The next expansion phase is a 50MW plant to be located in Greenville, Michigan, which is expected to be operational in calendar year 2007.

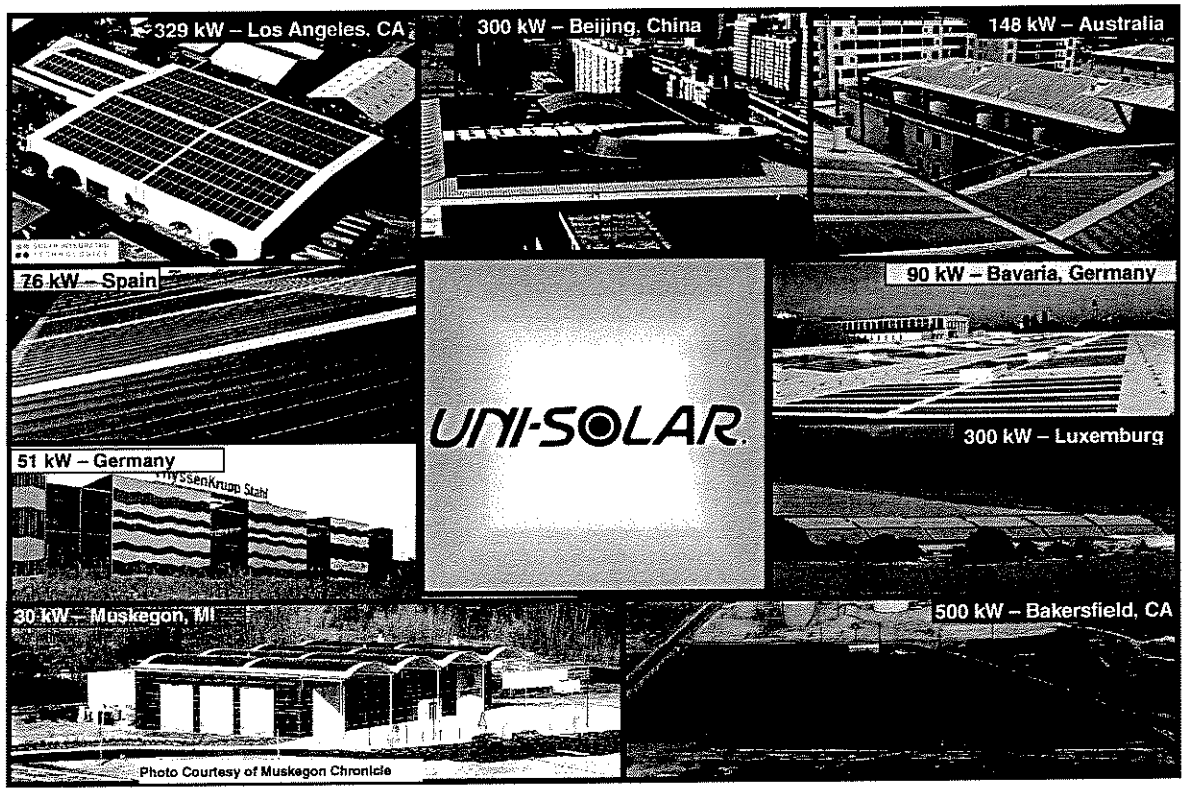
Unique PV Products

United Solar Ovonic's products have proven themselves in various applications, including consumer, industrial, residential and commercial applications; off-grid and remote villages and grid-connected systems; and in military and space applications. The Ovonic™ multi-layer PV cells capture the broad solar spectrum more effectively, making it ideal in cloudy weather and shaded areas providing 20% more power than rated capacity.

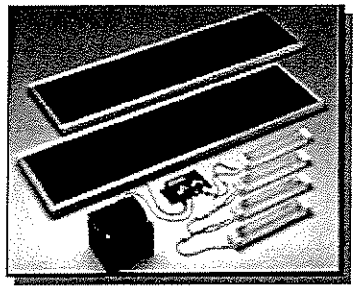
Beijing New Capital Museum – China



The *UNI-SOLAR*® roofing products provide a solar electric solution that integrates with the aesthetic look of the building. They are thin, unobtrusive and easy to install while their durability and flexibility come from the laminates which are made with thin stainless steel and not glass. They are aesthetically pleasing and make superior roofs while generating clean solar electricity for home and commercial building consumptions.

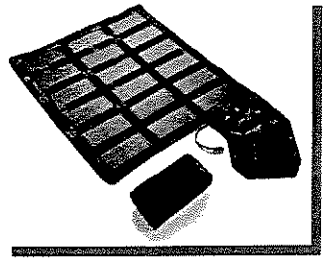


United Solar Ovonic offers a complete line of advanced solar battery-charging products using its proprietary triple-junction, thin-film amorphous silicon cell design to achieve high performance standards.



The UNI-KIT™ Solar Lighting Systems provide extended lighting hours and can power a 12-volt radio or television.

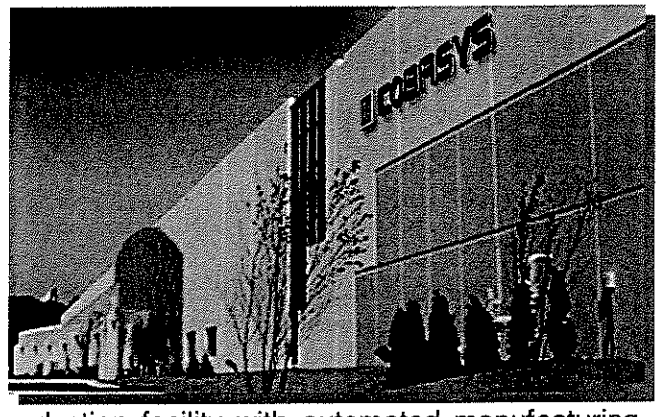
The *UNI-PAC™* portable 12-volt or 24-volt solar battery chargers are extremely rugged and are often used for field communications, emergency power and battery maintenance.



Ovonic Nickel Metal Hydride Battery

COBASYS

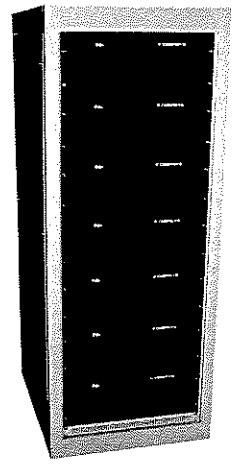
Cobasys, a 50-50 joint venture with Chevron Technology Ventures, was organized to bring advanced NiMH battery solutions into widespread commercial production for transportation and stationary applications. Cobasys designs and manufactures advanced Nickel Metal Hydride (NiMH) battery system solutions for transportation markets, including Hybrid Electric Vehicles (HEV), Electric Vehicles (EV) and 42 volt applications, in addition to Stationary Back-Up power supply systems for Uninterruptible Power Supply (UPS), Telecom and Distributed Generation requirements. A 170,000 square foot state-of-the-art integrated energy storage system production facility with automated manufacturing equipment has been established by Cobasys in Springboro, Ohio. The facility is ISO/TS 16949 and ISO 14001 certified and will be capable of producing two million battery modules annually at full capacity when fully equipped. Additionally, Cobasys' testing and calibration laboratory in Orion, Michigan, is registered to ISO 17025 industry quality requirements.



A key competitive advantage of Cobasys is that it is not just a battery supplier, but an integrated "plug and play" solution provider. The NiMH battery technology offers clear advantages over conventional batteries, such as lead acid and nickel cadmium (NiCd) batteries, due to its higher power, higher energy density and excellent cycle life. Additionally, they are maintenance-free and environmentally safe.

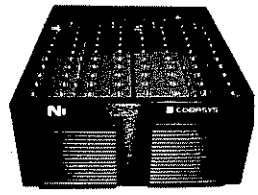
Cobasys has been selected by General Motors to provide its advanced NiMHax® NiMH battery systems for the 2007 Saturn VUE Green Line SUV which will be made available to consumers in the summer of 2006.

Telecom System Power Solutions



Cobasys also offers advanced stationary battery systems for telecommunications, uninterrupted power supply (UPS) systems and distributed generation applications and is now among an elite group of battery companies to have met the demanding standards for TL 9000 certification which has become a prerequisite to supply major telecommunications equipment and service providers.

NiCOM



Ovonic Battery Company

Transportation Application. Sanyo, the supplier of the NiMH cylindrical batteries to Ford Motor Company (Escape and Mariner HEVs) and Honda (Accord HEV), is a licensee of Ovonic Battery.

Rechargeable Portable Electronic Devices. Ovonic Battery Company first commercialized NiMH batteries in the late 1980s to replace NiCd batteries in consumer electronic applications. NiMH batteries are widely accepted in the marketplace because they provide over twice the energy and life of conventional lead-acid and NiCd rechargeable battery technologies, are maintenance free, environmentally friendly, and have no memory effect. In fact, an independent test identified rechargeable NiMH batteries as the preferred battery for digital cameras.

Electric Scooters and Bicycles. All of the advantages that have made NiMH batteries the technology of choice for passenger cars also apply to scooters. These applications are especially important because most scooters and three-wheeled vehicles operating on two-stroke engines are extremely polluting. Electric scooters and power-assisted bicycles offer a potential large-volume market. Scooters powered by Ovonic® NiMH batteries have won many awards and races.

INFORMATION TECHNOLOGY

Ovonic Unified Memory™

In the area of information technology, ECD Ovonics has developed a number of key proprietary products and processes in optical and electronic storage technologies. Ovonyx, Inc., ECD Ovonics' 39.5% owned venture with Tyler Lowrey, a recognized authority in semiconductor memory technology and the former vice chairman and chief technology officer of Micron Technology, Intel Capital and others, is developing electronic memory technology, Ovonic Unified Memory™ (OUM™), also referred to as PRAM. Ovonyx is aggressively exploiting the technology for use in silicon chips to provide nonvolatile memory function, which will provide superior solutions for a wide variety of integrated circuit products.

The multi-functional OUM™ can replace two or three current memory products with a single device, but the most immediate opportunity for OUM™ is replacing Flash and DRAM memory, a popular type of nonvolatile memory, where OUM™ offers significant advantage of enormously improved cycle life, significantly reduced programming time, scalability, low power, low voltage, and lower manufacturing cost. Target products for OUM™ technology address large market segments and include such applications as Flash, DRAM, SRAM, embedded memory and radiation-hard applications.

OUM™ products are being commercialized through a number of licensing agreements and joint development programs. Licensees include Samsung, Intel, STMicroelectronics, BAE, Elpida and Nanochip.

Markets for Ovonyx Products

- iPods
- Cellular telephones
- Smart Cards
- Digital cameras
- Networking routers and data services
- Mobile wireless
- Personal computers
- PDAs, digital audio players,
- Field Programmable Logic, GPS
- Information appliances
- Portable battery-powered data storage
- Antennae and waveguide tuenrs
- Automobile Engine controllers

OVONYX

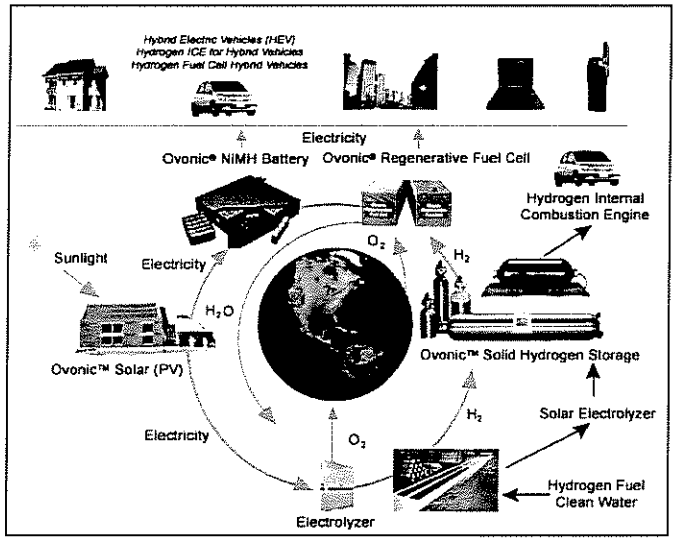
Ovonyx is working with Intel, STMicroelectronics, Samsung and Elpida to replace conventional memories, such as Flash, DRAM and SRAM. Ovonyx is also working with BAE Systems to commercialize OUM™ memory for radiation-hard space and military applications. BAE has made public its plans to offer for sale the Ovonic™ memory and has published preliminary information spec sheets for a 512K x 8 radiation-hardened chalcogenide non-volatile RAM and a 128K x 8 radiation-hardened C-RAM E2PROM. The development of the products is sponsored by the Air Force Research Laboratory/VSSE and will utilize technology licensed from Ovonyx.

Ovonic® Solid Hydrogen Storage Systems

Hydrogen, the ultimate fuel, contains no carbon and emits no climate-changing gases; it simply has the potential to be a zero pollution fuel. The Ovonic® solid hydrogen storage system is receiving attention because of its capability to safely store hydrogen in a solid state. With the Ovonic® solid hydrogen storage system, the hydrogen stored in the hydride material can be released quickly as fuel for both fuel cells and internal combustion engines. An Ovonic® hydrogen-powered mid-size automobile can achieve a range of over 300 miles before refueling.

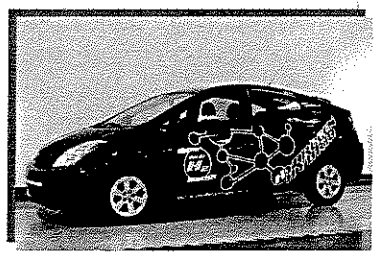
ECD Ovonics' proprietary metal hydride hydrogen storage technology has the potential to overcome one of the key challenges to making fuel cells and other hydrogen-dependent energy sources practical, efficient and safe; it is a safe and far more effective hydrogen storage alternative to compressed hydrogen gas and liquid hydrogen storage. It can be used for portable and stationary fuel cells, as well as in portable generators, remote off-grid power generation, and uninterruptible power supply (UPS) systems.

Ovonic® Solid Hydrogen Systems Make the Hydrogen Economy Possible
The Practical Solutions for the Hydrogen Infrastructure



Ovonic Hydrogen Systems offers an innovative storage tank and canister technology that uses breakthrough metal hydride technology to store and distribute ultra-clean hydrogen fuel in a stable, solid form. The solid hydrogen storage system is the safer, lower-pressure alternative to compressed gas and liquid hydrogen storage. The hydrogen storage technology can support a broad range of commercial applications from vehicles to power generation to appliances and consumer electronics. Coupled with fuel cell technology, an Ovonic® solid hydrogen storage device could provide enough fuel to power a laptop for a month or a vehicle for hundreds of miles on a single charge. The scalability of this hydrogen storage system makes it the ultimate fuel solution for hydrogen dependent applications.

Ovonic Hydrogen Systems and its collaborators have successfully modified a Toyota *Prius*® (left photo below) to a commercial gasoline/electric hybrid vehicle to run on hydrogen utilizing its new low-pressure, metal hydride hydrogen storage system. A hybrid hydrogen vehicle with an Ovonic® metal hydride onboard hydrogen storage system demonstrates excellent potential for



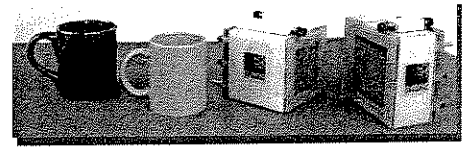
meeting both fuel cost and driving range targets established by the United States Department of Energy.

ECD Ovonics is also working with a local company in India, through a grant from the DOE, to convert internal combustion engine (ICE) 3-wheeled vehicles to run on clean hydrogen instead of polluting gasoline or diesel fuel.

ECD Ovonics recently completed a mobile hydrogen fueling station for the military (center photo on previous page) demonstrating the compact, safe features of metal hydride storage. The hydrogen fuel is rapidly transferred to the onboard storage tanks as a gas. Refueling times under 10 and approaching 5 minutes have been demonstrated.

Ovonic® Metal Hydride Fuel Cell

The Ovonic fuel cell technology traces its roots to ECD Ovonics' early work in hydrogen. A fuel cell is an environmentally clean power generator, combining hydrogen with oxygen to produce electricity without combustion, with the only byproducts being water and heat. Fuel cells have large sales potential for portable power, distributed power generation and automotive propulsion.



The Ovonic® Metal Hydride Fuel Cell (MHFC) is a fundamentally new and patented approach that is low cost and provides unique performance advantages over conventional fuel cells. Special features of MHFC include instant start, good low temperature performance, and built-in battery capacities for failsafe startup. The robust characteristics of the MHFC make it particularly well suited for Uninterruptible Power Supply (UPS)/emergency power applications. In addition, the MHFC can store regenerative brake energy for propulsion applications.

With its low-cost approach and unique performance advantages, the Ovonic® Metal Hydride Fuel Cell is suited for a wide variety of commercial applications such as:

- Automotive fuel cells
- Military applications
- Scooters and motive power
- Emergency and UPS power
- Portable electronics
- Stationary applications

For more information on the integrated *Ovonic* solutions, visit www.ovonic.com

ovonicsatwork

Legal Description of Property

The South 133 feet of Lot 33 and the North 142 feet of Lot 34, "Rochester Hills Executive Park", as recorded in Liber 199, Pages 26 – 30, Oakland County Public Records. Lying in the Southwest 1 / 4 of Section 29, and the Southeast 1 / 4 of Section 30, Town 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan.

Containing 132,000 sq. ft. or 3.03 acres.

Also known as 2923 Technology Drive.