

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
(Jointly Administered)

Judge Thomas J. Tucker

**STIPULATION REGARDING APPLICATION FOR ORDER AUTHORIZING
EMPLOYMENT OF QUARTON PARTNERS, LLC
AS INVESTMENT BANKER TO THE DEBTORS**

Energy Conversion Devices, Inc. (“**ECD**”) and United Solar Ovonic LLC (“**USO**”, or together with ECD, collectively the “**Debtors**”), by and through its counsel, Honigman Miller Schwartz and Cohn LLP, the Official Committee of Unsecured Creditors (the “**Committee**”), by and through its proposed counsel, Foley & Lardner LLP, and the United States Trustee (“**US Trustee**”), stipulate to the following:

1. The Debtors filed their Application for Order Authorizing Employment of Quarton Partners, LLC as Investment Banker to the Debtors [Docket No. 75] as amended by the Notice of Corrected Exhibit 6-A [Docket No. 149] (collectively, the “**Application**”).

2. The US Trustee and the Committee have raised formal and informal objections to the Application, which objections have resulted in further agreed upon amendments to the proposed engagement letter. The revised proposed engagement letter is attached to this stipulation as **Exhibit 2** and amends and replaces in its entirety Exhibit 6-A to the Application.

¹ The Debtors in these jointly administered cases are Energy Conversion Devices, Inc. (Case No. 12-43166) and United Solar Ovonic LLC (Case No. 12-43167).



3. Based on the foregoing, the United States Trustee concurs with the relief sought in the Application.

Accordingly, the parties stipulate to entry of the proposed order attached to this Stipulation as **Exhibit 1** and respectfully request that the Court enter the proposed order and grant such other relief as is proper and just.

Honigman Miller Schwartz and Cohn
Counsel to the Debtors

United States Trustee

By: /s/ Aaron M. Silver
Robert B. Weiss (28249)
Aaron M. Silver (P65481)
2290 First National Building
Detroit, MI 48226
Telephone: (313) 465-7560
Email: asilver@honigman.com

By: /s/ Leslie K. Berg (w/consent)
Leslie K. Berg
211 West Fort Street, Suite 700
Detroit, MI 48226
Telephone: (313) 226-7950
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FOLEY & LARDNER LLP

*Proposed Counsel for the Official Committee of Unsecured
Creditors*

By: /s/ John A. Simon (w/ consent)

Judy A. O'Neill (P32142)
John A. Simon (P61866)
Tamar N. Dolcourt (P73425)
500 Woodward Ave., Ste. 2700
Detroit, MI 48226
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Dated: March 21, 2012

Exhibit 1
Proposed Order

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
(Jointly Administered)

Judge Thomas J. Tucker

**ORDER GRANTING APPLICATION TO EMPLOY QUARTON PARTNERS, LLC AS
SPECIAL FINANCIAL ADVISOR TO THE DEBTORS**

This matter has come before the Court upon the application (the “Application”) of Energy Conversion Devices, Inc. (“ECD”) and certain of its affiliates, as debtors and debtors in possession in the above captioned chapter 11 cases (collectively, the “Debtors”) to retain Quarton Partners, LLC as special financial advisor (“Qarton”); due and sufficient notice of the Application having been given under the particular circumstances; and it appearing that no other or further notice need be provided; the Court having considered the Application and the Engagement Letter and, upon the complete record of this chapter 11 case and after due deliberation thereon and good cause appearing therefore;

IT IS HEREBY ORDER THAT:

The Application is **GRANTED**.

1. Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to retain and employ Quarton effective as of the petition date to perform the Services on the terms provided in the Engagement Letter and to compensate Quarton pursuant to the Fee Structure.

¹ The Debtors in these jointly administered cases are Energy Conversion Devices, Inc. (Case No. 12-43166) and United Solar Ovonic LLC (Case No. 12-43167).

2. The terms of the Engagement Letter, including the fee and indemnification provisions, are reasonable terms and conditions of employment and are approved. Quarton shall be compensated in accordance with the terms of the Engagement Letter pursuant to the standard of review under section 328(a) of the Bankruptcy Code and not subject to review under section 330(a) of the Bankruptcy Code; provided, however, that Quarton (a) shall only be required to maintain time records for services rendered post-petition in hour increments and (b) shall not be required to provide or conform to any schedule of hourly rates.

3. Payment of Quarton's fees and expenses will be made, subject to Bankruptcy Court review and approval, according to the terms and at the rates described in the Application and supporting Declaration in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court, and such other procedures as may have been or may be fixed by order of the Court.

4. In the event that Quarton seeks reimbursement for attorneys' fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be included in Quarton's own applications (both interim and final) and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of this Court under the standards of sections 330 and 331 of the Bankruptcy Code and without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

5. All requests of Quarton for payment of indemnity pursuant to the Engagement Letter will be made by means of an application (interim or final as the case may be) and will be

subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; *provided, however* that in no event shall Quarton be indemnified in the case of its own willful misconduct, bad faith, willful misfeasance, or reckless disregard.

6. The indemnification provisions of the Engagement Letter are approved, subject to the following modifications:

(a) Quarton shall not be entitled to indemnification, contribution or reimbursement pursuant to the Engagement Letter for services other than the financial advisory and investment banking services provided under the Engagement Letter, unless such other services and the indemnification, contribution or reimbursement are approved by the Court;

(b) The Debtors shall have no obligation to indemnify Quarton, or provide contribution or reimbursement to Quarton, for any claim or expense that is either:

- i. judicially determined (the determination having become final) to have arisen solely from Quarton's gross negligence, willful misconduct, breach of fiduciary duty, if any, bad faith or self-dealing; or
- (ii) settled prior to a judicial determination as to Quarton's gross negligence, willful misconduct, breach of fiduciary duty or bad faith or self-dealing but determined by this Court, after notice and a hearing to be a claim or expense for which Quarton should not

receive indemnity, contribution or reimbursement under the terms of the Engagement Letter as modified by this Order:

(c) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, Quarton believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnifications, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, Quarton must file an application in the Court, and the Debtors may not pay any such amounts to Quarton before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by Quarton for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify Quarton. Notwithstanding this subparagraph, the United States Trustee shall retain the right to object to any demand by Quarton for indemnification, contribution or reimbursement.

(d) To the extent of any claim for gross negligence, willful misconduct, breach of fiduciary duty or bad faith or self dealing relating to the services provided under the Engagement Letter after the petition date and through the duration of the bankruptcy cases, any provision in the Engagement Letter that limits Quarton's liability to fees earned is not enforceable.

7. In the event attorneys' fees are sought to be reimbursed from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be

annexed to Quarton's own interim and final fee applications, and such invoices and time records shall be subject to the U.S. Trustee Guidelines and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorney's services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

8. To the extent this Order is inconsistent with the Engagement Letter, this Order will govern.

9. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Exhibit 2
Engagement Letter



January 31, 2012

VIA ELECTRONIC MAIL ONLY

Mr. William C. Andrews
Chief Financial Officer
Energy Conversion Devices, Inc.
2956 Waterview Drive
Rochester Hills, MI 48309

Re: Second Amended and Restated Engagement Letter

Dear Mr. Andrews:

Energy Conversion Devices, Inc. ("ECD") and Quarton Partners, LLC ("Quarton") are parties to the Engagement Letter dated July 28, 2010, as amended by the addenda dated February 21, 2011, October 19, 2011, and November 8, 2011 and the Amended and Restated Engagement Letter dated January 3, 2012 (collectively, the "Engagement Letter"). This Second Amended and Restated Engagement Letter ("Agreement") supersedes and replaces in its entirety the Engagement Letter. The Engagement Letter is amended and restated in its entirety with the following terms:

We are pleased to confirm the arrangements under which Quarton Partners, LLC, a division of Leonard & Company, a FINRA regulated broker/dealer ("Quarton") is engaged by Energy Conversion Devices, Inc. ("ECD") and United Solar Ovonic, L.L.C ("USO" or together with ECD, the "Company") as the exclusive investment banker in connection with the review and implementation of the strategic alternatives, including a possible Transaction (as defined below) for: (iii) the Company's Ovonic Materials Division and that division's assets and businesses, including, but not limited to, Ovonic Battery Company, Ovonic Reformation, Ovonic Renewable Hydrogen, and Ovonic Fuel Cell ("Ovonic,"); (ii) the Company's interest in Ovonyx, Inc. ("Ovonyx"); (iii) the Company's Non-Core Solar Operations located in Auburn Hills, Michigan and Ontario, Canada or other solar assets that have not been sold in connection with an USO Transaction, as defined below ("NCSO"); and (iv) the sale of the assets or stock of United Solar Ovonic, L.L.C ("USO" or together with Ovonyx, NCSO, and Ovonic, collectively the "Operations").

DESCRIPTION OF ENGAGEMENT

Ovonic Transaction

Quarton will assist the senior management of ECD in evaluating the strategic alternatives for Ovonic. Our engagement will be structured in two phases. The first phase ("Phase One"),

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which has been completed, involved Quarton working with management to develop and analyze strategic alternatives with respect to maximizing value to ECD.

In our role during Phase One, Quarton assisted and advised you with respect to:

- (i) outlining the Company's corporate objectives regarding Operations;
- (ii) developing and refining a comprehensive list of strategic alternatives;
- (iii) quantifying the value of its strategic alternatives; and
- (iv) issuing a report to ECD summarizing the results from our analysis along with a recommendation for Ovonic.

With respect to the continuing Phase Two of our engagement, Quarton will assist and advise you to:

- (i) define objectives related to value and terms;
- (ii) identify and demonstrate of the Operations' proprietary attributes;
- (iii) to the extent deemed desirable by the Company, identify, review evaluate and initiate potential Transactions;
- (iv) to the extent Quarton deems necessary, appropriate and feasible, or as the Company may request, review and analyze the assets and the operating and financial strategies of the Operations;
- (v) identify and solicit appropriate partners;
- (vi) prepare and distribute confidentiality agreements and appropriate descriptive materials (to include Joint Venture Outlines, Offering Memorandums, Management Presentations, and other documentation as may be required or appropriate);
- (vii) initiate discussions and negotiations with prospective partners;
- (viii) assist the Company and its other professionals in reviewing and evaluating the terms of any proposed Transaction or other transaction, in responding thereto and, if directed, in developing and evaluating alternative proposals for a Transaction or other transaction, whether in connection with a Plan (as defined below) or otherwise;
- (ix) review and analyze any proposals the Company receives from third parties in connection with a Transaction or other transaction;
- (x) assist or participate in negotiations with the parties in interest in connection with a Transaction or other transaction;

- (xi) advise and attend meetings of the Company's Board of Directors, creditor groups, official constituencies and other interested parties, as the Company determines to be necessary or desirable;
- (xii) if requested, participate in hearings before the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") or such district or other bankruptcy courts as the Company may request and provide relevant testimony with respect to the matters described herein and issues arising with respect thereto in connection with any proposed Transaction or Plan (as defined below);
- (xiii) assist the Company's internal and external counsel to enable such counsel to provide legal advice to the Company, as contemplated under this Agreement; and
- (xiv) render such other financial advisory and investment banking services as may be reasonably requested by the Company in connection with any of the foregoing;

(collectively, the "Transaction Services") Additionally, if so requested by the ECD Board of Directors, Quarton will furnish a fairness opinion with respect to each Transaction.

In the event a Transaction relating to Ovonic is accomplished in one or a series of going concern Transactions, Quarton will charge a transaction fee of 1.75% of the Aggregate Consideration received in such Transactions subject to a minimum transaction fee of \$100,000 per Transaction if multiple Transactions occur (the "Ovonic Transaction Fee").

Ovonyx Transaction

Quarton will perform the Transaction Services in connection with a Transaction relating to Ovonyx (an "Ovonyx Transaction"). In the event an Ovonyx Transaction is (or series of Ovonyx Transactions are) consummated, ECD shall pay to Quarton a Transaction Fee (the "Ovonyx Transaction Fee") of \$300,000 plus 1.75% of the Aggregate Consideration received by ECD over \$15,000,000 on account of such Transaction(s).

Quarton acknowledges and agrees that the Ovonyx Transaction Fee is not subject to that certain letter agreement between Quarton and Ovonic Battery Company, Inc. dated October 21, 2011.

NCSO

Quarton will perform the Transaction Services in connection with a Transaction relating to NCSO (an "NCSO Transaction"). In consideration of Quarton's services in connection with pursuing a NCSO Transaction and in providing financial advisory services relating to NCSO, ECD shall pay to Quarton on April 1, 2012 a non-refundable fee of \$250,000. Furthermore, in the event a NCSO Transaction is (or series of NCSO Transactions are) consummated pursuant to which one or more buyers acquire NCSO assets to operate in connection with the manufacture solar cells or laminates, Quarton shall receive a Transaction Fee of 1.75% of the Aggregate

Consideration of such qualifying NCSO Transaction (the "NCSO Transaction Fee"). Quarton acknowledges and agrees that the NCSO Transaction Fee(s) is(are) not subject to that certain letter agreement between Quarton and Ovonic Battery Company, Inc. dated October 21, 2011.

USO

Quarton will perform the Transaction Services in connection with a Transaction relating to USO (an "USO Transaction"). In consideration of Quarton's services in connection with pursuing an USO Transaction, whether or not a Transaction is consummated, upon execution of this Agreement and on the 1st day of each month beginning February 1, 2012 until the Agreement is terminated or an USO Transaction closes, the Company will pay to Quarton a non-refundable monthly advisory fee of \$125,000. Furthermore, in the event an USO Transaction is (or series of USO Transactions are) consummated pursuant to which a buyer acquires a substantial portion of the USO assets to operate as a going concern to manufacture solar energy products, Quarton shall receive a Transaction Fee of \$1,000,000 plus 3.00% of the Aggregate Consideration received by ECD over \$25,000,000 on account of such Transaction (the "USO Transaction Fee," or together with the Ovonic Transaction Fee, the Ovonyx Transaction Fee and the NCSO Transaction Fee, collectively, the "Transaction Fees"). Quarton acknowledges and agrees that the USO Transaction Fee(s) is(are) not subject to that certain letter agreement between Quarton and Ovonic Battery Company, Inc. dated October 21, 2011.

Transaction Fee Related Definitions

As used herein, the term "Transaction" shall mean, collectively, whether accomplished in whole or in part pursuant to a plan of reorganization or liquidation (a "Plan") confirmed in connection with the Chapter 11 cases (the "Chapter 11 Case") commenced by the Company, or via a Section 363 sale, a creditor's sale, or otherwise: (i) any merger, consolidation, reorganization, recapitalization, financing, refinancing, business combination or other transaction pursuant to which the Operations (or control thereof) are acquired by, or combined with, any person, group of persons, partnership, corporation or other entity (an "Acquirer"); or (ii) any acquisition, directly or indirectly, by an Acquirer (or one or more persons acting in concert together with an Acquirer pursuant to a written agreement or otherwise), whether in a single transaction, multiple related transaction, or a series of related transactions of (A) a majority of the assets or operations of the Operations, or (B) any outstanding or newly issued shares of the Company's capital stock or any securities convertible into, or options, warrants or other rights to acquire such capital stock or other equity securities of the Company, for the purpose of effecting a recapitalization or change of control of the Operations; or (iii) any transaction similar to the foregoing. For clarity, notwithstanding anything herein to the contrary, the sale of assets to an Acquirer acquiring the assets to recycle the base material of the equipment shall not be a Transaction and in no event will a Transaction Fee be payable in the event assets are sold under the Asset Marketing Agreement between the Company, and that joint venture involving Hilco Industrial, LLC and certain other auctioneers. Notwithstanding the foregoing, a Transaction does not include a transaction involving the acquisition of substantially all of the Company's existing business, whether pursuant to the acquisition of stock or assets under a plan of reorganization or liquidation, or a sale of substantially all of the Company's assets under Section 363 of the Bankruptcy Code under which the Operations remains with the reorganized Debtors and/or acquired business regardless of whether the equity of the reorganized

Debtors is owned by the existing shareholders, its employees and/or pre-petition creditors; provided, however, that notwithstanding such acquisition of the stock or assets of the Company's business, the provisions relating to Transaction Fees shall remain fully enforceable against the Company or its estate following such acquisition in the event the Acquirer subsequently undertakes a qualifying Transaction with a third party during the twelve (12) month period immediately following the Acquirer's acquisition and there was contact by Company, any of the Operations or Quarton with such third party or any affiliate thereof regarding a transaction.

For purposes related to this engagement, Aggregate Consideration is defined as follows:

- In the case of the sale, exchange or purchase of the Operations' equity securities, the total consideration paid to the security holders of the Operations for such securities (including amounts paid to holders of options, warrants and convertible securities), plus the amount of liabilities for indebtedness for borrowed money (excluding trade payables and assumed contracts, with the exception that in the case of a qualifying USO Transaction, the Aggregate Consideration shall include liquidated amounts of warranty liability assumed as of closing by the purchaser provided such assumption relieves the estate of such liabilities) assumed by the purchaser;
- In the case of the sale, exchange or purchase of the Operations' assets, the total consideration paid for such assets, plus (to the extent not included in the consideration paid for assets, above) the amount of assumed liabilities and indebtedness (excluding trade payables and assumed contracts, with the exception that in the case of a qualifying USO Transaction, the Aggregate Consideration shall include liquidated amounts of warranty liability assumed as of closing by the purchaser provided such assumption relieves the estate of such liabilities) assumed by the purchaser.

The aggregate Transaction Fee hereunder with respect to all Transactions shall not exceed 10% of the aggregate cash or marketable securities received (the "Cash Receipt Limitation") with respect to all Transactions. Except as provided below, any Transaction Fee earned will be payable to Quarton in cash upon consummation of each Transaction.

Term. The term of Quarton's engagement shall extend until the consummation of the Transactions contemplated hereunder, provided that this Agreement may be terminated by either the Company or Quarton at any time, with or without cause, effective upon receipt of written notice. If terminated, Quarton shall be entitled to payment of any fees for any monthly periods which are due and owing to Quarton upon the effective date of termination, and Quarton will be entitled to reimbursement of any and all reasonable expenses provided under this Agreement. Termination of Quarton's engagement hereunder shall not affect or impair the Company's continuing obligation to indemnify Quarton and certain related persons as provided in Exhibit B. Without limiting any of the foregoing, if this Agreement is terminated by the Company (other than for a material breach thereof which is not cured within a reasonable period of time, after

receipt by Quarton of written notice thereof), the Transaction Fee shall be payable in the event that a Transaction for which a Transaction Fee would otherwise be due under this Agreement is closed at any time prior to the expiration of twelve (12) months after such termination and there was contact by Company, any of the Operations or Quarton with respect to the transaction party, or any affiliate thereof, regarding such a transaction prior to our termination.

BANKRUPTCY PROVISIONS

Application for Retention of Quarton. Quarton and the Company hereby acknowledge that the Debtors will apply promptly (no less than two days after the petition date) to the Bankruptcy Court pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Rule 2014 of the Federal Rules of Bankruptcy Procedure, applicable local rules and procedural orders of the Bankruptcy Court and procedural guidelines established by the Office of the United States Trustee, for approval of this Agreement and Quarton's retention by the Debtors under the terms of this Agreement, *nunc pro tunc* to the petition date, substantially in the form of the order attached hereto as Exhibit B (the "Retention Order"). The Debtors shall continue to use their best efforts to obtain Bankruptcy Court approval and authorization of this Agreement, subject only to the subsequent review by the Bankruptcy Court under the standard of review provided in Section 328(a) of the Bankruptcy Code, and not subject to the standard of review set forth in Section 330 of the Bankruptcy Code, except as otherwise provided in the Retention Order. Quarton shall not have any obligation to provide any services under this Agreement unless its retention under the terms of this Agreement is approved by entry of a final order in substantially the form of the Retention Order.

Quarton acknowledges that in the event that the Bankruptcy Court approves its retention by the Debtors pursuant to the application process described herein, payment of Quarton's fees and expenses hereunder shall be subject to the jurisdiction and approval of the Bankruptcy Court under Section 328(a) of the Bankruptcy Code except as otherwise provided in the Retention Order. In the event that Quarton's engagement hereunder is approved by the Bankruptcy Court, the Company shall pay all fees and expenses hereunder as promptly as practicable in accordance with the terms hereof and the Retention Order. In so seeking Quarton's retention under Section 328(a) of the Bankruptcy Code, the Company acknowledges that it believes that Quarton's general professional experience and expertise, its knowledge of the industry in which the Company operates and the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Transaction or other transaction, that the value to the Company of Quarton's services hereunder derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the fees payable hereunder, the expense reimbursements provided for herein and the indemnification and exculpation provisions provided herein and in Exhibit B hereto are reasonable regardless of the number of hours to be expended by Quarton's professionals in performance of the services to be provided hereunder.

Administrative Expense Priority. The Company agrees that Quarton's post petition compensation as set forth herein and payments made pursuant to reimbursement and indemnification provisions of this Agreement shall be entitled to priority as expenses of administration under Sections 503(b)(1)(A) and 507(a)(1) of the Bankruptcy Code and shall be entitled to (i) the benefits of any "carve-outs" for professional fees and expenses in effect in such Chapter 11 Cases pursuant to one or more financing or other orders entered by the Bankruptcy

Court, on an equal basis with all other professionals, and (ii) inclusion as a professional under any orders providing for payment of interim or special fee payment procedures pursuant to L.B.R. 2016-3 (E.D.M.).

MISCELLANEOUS

Expenses. Without in any way reducing or affecting the monthly fees, Transaction Fees or the provisions of Exhibit A hereto, and subject to the provisions of the Retention Order, the Company shall reimburse Quarton for its reasonable expenses incurred in connection with the performance of its engagement hereunder, and the enforcement of this Agreement. Reasonable expenses shall also include, but not be limited to, expenses incurred in connection with travel and lodging, data processing and communication charges, data base, research, postage and courier services. Consistent with and subject to final approval by the Bankruptcy Court and subject to the provisions of the Retention Order, the Company shall promptly reimburse Quarton for such expenses provided under this Agreement upon presentation of an invoice or other similar documentation with reasonable detail. The Company has advised Quarton regarding its expense reimbursement guidelines, and Quarton agrees to comply with such guidelines in the understanding that the Company shall only be obligated to make reimbursements for expenses consistent with such guidelines.

Sharing of Information with Counsel. The Company has also retained the law firm of Honigman Miller Schwartz and Cohn (“Honigman”) to provide legal advice to the Company in connection with the legal aspects of the Chapter 11 Case and the Transactions that may occur. The Company also employs inside counsel to advise the Company on those same matters. The Company believes that from time to time information or analyses prepared by Quarton may be required to enable Honigman and/or the Company’s inside counsel to render appropriate legal services and advice to the Company. The Company also anticipates that from time to time privileged communications may need to be shared with Quarton in order to permit Quarton to provide the most comprehensive advice to the Company and to counsel to the Company in order to support such counsel’s provision of legal advice to the Company. In addition, the Company and Quarton share a common interest for this purpose, and the Company intends that any such sharing of privileged information will occur only in pursuit of such common interest and without waiver of the attorney-client privilege or of any other privileges that may apply.

This letter will confirm Quarton’s agreement that, to the extent directed by the Company, Quarton will provide information or advice within its field of expertise to assist Honigman and the Company’s inside counsel in rendering legal services or advice to the Company. This letter will also confirm the parties’ agreement that, to the extent privileged information is shared with Quarton, such sharing is made solely for the purpose of facilitating Quarton’s provision of services pursuant to this Agreement and in recognition that Quarton and the Company share a common interest for that purpose. Quarton will maintain the confidentiality of all privileged communications that are shared with it and will not disclose such privileged matters to any other person without the consent of the Company or as required by law or by court order. In order to assist Quarton in this regard, the Company agrees that privileged communications that are shared with Quarton will be labeled as such.

Information Provided by the Company. (a) The Company will cooperate with Quarton and furnish to, or cause to be furnished to, Quarton any and all information reasonably available to the Company which Quarton deems appropriate to enable Quarton to render services hereunder (all such information being the "Information"). The Company recognizes and confirms that Quarton (i) will use and rely on the Information and on information available from generally recognized public sources in performing the services contemplated by this Agreement without having assumed any obligation to verify independently any such information; (ii) does not assume responsibility for the accuracy or completeness of the Information provided by the Company and such other information; and (iii) will not act in the official capacity of appraiser of specific assets of the Company or any other party. Each party confirms that the information to be furnished by it, when delivered, to the best of its knowledge will be true and correct in all material respects, will be prepared in good faith, and will, to the knowledge of the delivering party, not contain any material misstatement of fact or omit to state any material fact. Each party will promptly notify the other party if it learns of any material inaccuracy or misstatement in, or material omission from, any Information theretofore it delivered to the other party. The Company acknowledges that in the course of this engagement it may be necessary for Quarton and the Company to communicate electronically.

Each party acknowledges that although it will use commercially reasonable procedures to check for the most commonly known viruses, the electronic transmission of information cannot be guaranteed to be secure or error-free. Furthermore such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Accordingly, each party agrees that the other party shall have no liability with respect to any error or omission arising from or in connection with (i) the electronic communication of information; or (ii) the other party's reliance on such information.

In order to coordinate most effectively our efforts together to effect a Transaction satisfactory to the parties, the Company and the Operations will promptly inform Quarton of any inquiry they may receive concerning a Transaction. Also, during the period of our engagement, neither the Company nor the Operations will initiate any discussions looking toward a Transaction without first consulting with Quarton. Please note that any written or oral advice provided by Quarton in connection with our engagement is exclusively for the information of the Board of Directors and senior management of the Company, and may not be disclosed to any third party or circulated or referred to publicly without our prior written consent.

Indemnity. Subject to the provisions of the Retention Order, the Company agrees to the provisions of Exhibit A hereto which provides for indemnification and exculpation by the Company of Quarton and certain related persons. Such indemnification and exculpation is an integral part of this Agreement and the terms thereof are incorporated by reference as if fully stated herein. Such indemnification and exculpation shall survive any termination, expiration or completion of this Agreement or Quarton's engagement hereunder.

Decision Making. In performing its services pursuant to this Agreement, and notwithstanding anything to the contrary herein, Quarton is not assuming any responsibility for the Company's decision to pursue (or not to pursue) or to effect (or not to effect) any Transaction, or other transaction; provided that nothing contained herein shall increase the Company's obligations set forth in Exhibit A hereto. Quarton shall not have any obligation or

responsibility to provide accounting, audit, "crisis management" or business consultant services to the Company, and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements.

Survival, Successors & Assigns. Except for Quarton's obligation to provide the Transaction Services and the Company's obligations to (i) provide information to Quarton, (ii) to pay monthly fees arising after the expiration or termination of the Term, and (iii) to seek the approval from the Bankruptcy Court of Quarton's retention, all obligations, inclusive, including the provisions set forth in Exhibits A and B hereto, shall survive the termination or expiration of this Agreement. The benefits of this Agreement and the indemnification and other obligations of the Company to Quarton and certain related persons contained in Exhibit A hereto shall inure to the respective permitted successors and assigns of Quarton and of the indemnified parties, and the obligations and liabilities assumed in this Agreement and Exhibit A by the Company shall be binding upon its successors and assigns. Quarton shall not have the right to assign any of its rights under this Agreement without the prior written consent of the Company.

Benefit of Agreement; No Reliance by Third Parties. The advice (oral or written) rendered by Quarton pursuant to this Agreement is intended solely for the benefit and use of the Company and its affiliates, and their respective officers and directors in considering the matters to which this Agreement relates, and the Company agrees that such advice may not be relied upon by any other person, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose without the prior written consent of Quarton, which shall not be unreasonably withheld or delayed, provided that nothing contained herein shall prohibit disclosure of such advice in the event and only to the extent the Company has been advised by counsel that such disclosure is necessary to satisfy applicable legal or regulatory requirements.

Nature of Relationship. The relationship of Quarton to the Company hereunder shall be that of independent contractors and Quarton shall have no authority to bind, represent or otherwise act as agent, executor, administrator, trustee, lawyer or guardian for the Company, nor shall Quarton have the authority to manage money or property of the Company. The parties hereto acknowledge and agree that by providing the services contemplated hereunder, Quarton will not act, nor will it be deemed to have acted, in any managerial or fiduciary capacity whatsoever with respect to the Company or any third party including security holders, creditors or employees of the Company.

Public Announcements. With the prior written consent of the Company, which shall not be unreasonably withheld, the Company acknowledges that Quarton may at its option and expense, after announcement of a Transaction or other transaction, place announcements and advertisements or otherwise publicize such transaction in such financial and other newspapers and journals as it may choose, stating that Quarton acted as financial advisor and investment banker to the Company in connection with such transaction. The Company further consents to Quarton's public use or display of the Company's logo, symbol or trademark as part of Quarton's general marketing or promotional activities after the announcement of a Transaction, provided that such use or display is in the nature of a public record or tombstone announcement in relation to such transaction, and, provided further, that the Company approves of such

announcements, advertising or other publication, which approval shall not be unreasonably withheld.

CHOICE OF LAW: JURISDICTION. THIS AGREEMENT HAS BEEN NEGOTIATED, EXECUTED AND DELIVERED AT AND SHALL BE DEEMED TO HAVE BEEN MADE IN MICHIGAN. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN, WITHOUT GIVING EFFECT TO SUCH STATE'S PRINCIPLES OF CONFLICTS OF LAWS.

Waiver of Jury Trial. Each of the parties hereto hereby knowingly, voluntarily and irrevocably waives any right it may have to a trial by jury in respect of any claim upon, arising out of or in connection with this Agreement, any Transaction, or other transaction. Each of the parties hereto hereby certifies that no representative or agent of any other party hereto has represented expressly or otherwise that such party would not seek to enforce the provisions of this waiver. Each of the parties hereto hereby acknowledges that it has been induced to enter into this Agreement by and in reliance upon, among other things, the provisions of this paragraph.

Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No alteration, waiver, amendment, change or supplement hereto shall be binding or effective unless the same is set forth in writing signed by a duly authorized representative of each of the parties hereto.

Authority. Subject to entry of the Retention Order, each party hereto represents and warrants that it has all requisite power and authority to enter into this Agreement, including Exhibits A and B attached hereto, and to consummate the transactions contemplated hereby. Subject to entry of the Retention Order, each party hereto further represents that this Agreement has been duly and validly authorized by all necessary corporate action and has been duly executed and delivered by each of the parties hereto and constitutes the legal, valid and binding agreement thereof, enforceable in accordance with its terms. Quarton will assume that any instructions, notices or requests have been properly authorized by the Company if they are given or purported to be given by a director, officer, employee or authorized agent of the Company, or by a person that is reasonably believed by Quarton to be a director, officer, employee or authorized agent of the Company.

Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be effective as delivery of a manually executed counterpart to this Agreement. If the foregoing correctly sets forth the understanding and agreement between Quarton and the Company, please so indicate by signing the enclosed copy of this letter, whereupon it shall become a binding agreement between the parties hereto as of the date first above written.

Confidentiality. Quarton will maintain the confidentiality of all privileged communications that are shared with it and will not disclose such privileged matters to any other person without the consent of the Company or as required by law or by court order. In order to assist Quarton in this regard, the Company agrees that privileged communications that are shared with Quarton will be labeled as such.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed copy of this letter, which shall become a binding agreement upon our receipt. We are delighted to accept this engagement and look forward to working with you on this assignment.

QUARTON PARTNERS, LLC

André A. Augier

Confirmed and agreed by:

ENERGY CONVERSION DEVICES, INC.

By: _____

Mr. William C. Andrews

Its: Chief Financial Officer

Dated: _____

UNITED SOLAR OVONIC LLC

By: _____

Mr. William C. Andrews

Its: Chief Financial Officer

Dated: _____

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Exhibit A

To Quarton Engagement Letter

EXHIBIT A
INDEMNIFICATION

Names of Clients:

Energy Conversion Devices, Inc. and United Solar Ovonic, LLC (the "Company")

In the event that Quarton becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with or as a result of the engagement which is the subject of this letter or any matter referred to in this letter, the Company periodically will reimburse Quarton for its reasonable legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith. If Quarton is not a party to such action, proceeding, or investigation, the Company shall periodically pay Quarton \$400 per hour for all time reasonably spent by officers or professional employees in preparing for or participating in such actions, proceedings or investigations, whether as a witness or otherwise. The Company also will indemnify and hold harmless Quarton against any losses, claims, damages or liabilities in connection with any matter referred to in this letter, including, without limitation, the performance of the services which are the subject of this letter, except to the extent that any such loss, claim, damage or liability are finally judicially determined to have resulted from the gross negligence, bad faith, willful misfeasance or reckless disregard of Quarton. The reimbursement, indemnity and contribution obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any affiliate of Quarton and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of Quarton and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representative of the Company, any such affiliate and any such person. The Company also agrees that neither Quarton nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in the right of the Company for or in connection with any matter referred to in this letter except to the extent that any such losses, claims, damages, liabilities or expenses incurred by the Company are finally judicially determined to have resulted from its or his/her gross negligence, bad faith, willful misfeasance, or reckless disregard. Additionally, Quarton shall be entitled to recover its actual costs of collection, including by not limited to reasonable attorneys' fees and costs. The provisions of this Exhibit shall survive any termination or completion of the engagement provided by this letter agreement.

Exhibit B

To Quarton Engagement Letter

**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
(Jointly Administered)

Judge Thomas J. Tucker

**ORDER GRANTING APPLICATION TO EMPLOY QUARTON PARTNERS, LLC AS
SPECIAL FINANCIAL ADVISOR TO THE DEBTORS**

This matter has come before the Court upon the application (the “Application”) of Energy Conversion Devices, Inc. (“ECD”) and certain of its affiliates, as debtors and debtors in possession in the above captioned chapter 11 cases (collectively, the “Debtors”) to retain Quarton Partners, LLC as special financial advisor (“Quarton”); due and sufficient notice of the Application having been given under the particular circumstances; and it appearing that no other or further notice need be provided; the Court having considered the Application and the Engagement Letter and, upon the complete record of this chapter 11 case and after due deliberation thereon and good cause appearing therefore;

IT IS HEREBY ORDER THAT:

The Application is **GRANTED**.

1. Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to retain and employ Quarton effective as of the petition date to perform the Services

¹ The Debtors in these jointly administered cases are Energy Conversion Devices, Inc. (Case No. 12-43166) and United Solar Ovonic LLC (Case No. 12-43167).

on the terms provided in the Engagement Letter and to compensate Quarton pursuant to the Fee Structure.

2. The terms of the Engagement Letter, including the fee and indemnification provisions, are reasonable terms and conditions of employment and are approved. Quarton shall be compensated in accordance with the terms of the Engagement Letter pursuant to the standard of review under section 328(a) of the Bankruptcy Code and not subject to review under section 330(a) of the Bankruptcy Code; provided, however, that Quarton (a) shall only be required to maintain time records for services rendered post-petition in hour increments and (b) shall not be required to provide or conform to any schedule of hourly rates.

3. Payment of Quarton's fees and expenses will be made, subject to Bankruptcy Court review and approval, according to the terms and at the rates described in the Application and supporting Declaration in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules of this Court, and such other procedures as may have been or may be fixed by order of the Court.

4. In the event that Quarton seeks reimbursement for attorneys' fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be included in Quarton's own applications (both interim and final) and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of this Court under the standards of sections 330 and 331 of the Bankruptcy Code and without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

5. All requests of Quarton for payment of indemnity pursuant to the Engagement Letter will be made by means of an application (interim or final as the case may be) and will be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; *provided, however* that in no event shall Quarton be indemnified in the case of its own willful misconduct, bad faith, willful misfeasance, or reckless disregard.

6. The indemnification provisions of the Engagement Letter are approved, subject to the following modifications:

(a) Quarton shall not be entitled to indemnification, contribution or reimbursement pursuant to the Engagement Letter for services other than the financial advisory and investment banking services provided under the Engagement Letter, unless such other services and the indemnification, contribution or reimbursement are approved by the Court;

(b) The Debtors shall have no obligation to indemnify Quarton, or provide contribution or reimbursement to Quarton, for any claim or expense that is either:

- i. judicially determined (the determination having become final) to have arisen solely from Quarton's gross negligence, willful misconduct, breach of fiduciary duty, if any, bad faith or self-dealing; or
- (ii) settled prior to a judicial determination as to Quarton's gross negligence, willful misconduct, breach of fiduciary duty or bad faith or self-dealing but determined by this Court, after notice and

a hearing to be a claim or expense for which Quarton should not receive indemnity, contribution or reimbursement under the terms of the Engagement Letter as modified by this Order:

(c) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, Quarton believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnifications, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, Quarton must file an application in the Court, and the Debtors may not pay any such amounts to Quarton before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by Quarton for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify Quarton. Notwithstanding this subparagraph, the United States Trustee shall retain the right to object to any demand by Quarton for indemnification, contribution or reimbursement.

(d) To the extent of any claim for gross negligence, willful misconduct, breach of fiduciary duty or bad faith or self dealing relating to the services provided under the Engagement Letter after the petition date and through the duration of the bankruptcy cases, any provision in the Engagement Letter that limits Quarton's liability to fees earned is not enforceable.

7. In the event attorneys' fees are sought to be reimbursed from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be annexed to Quarton's own interim and final fee applications, and such invoices and time records shall be subject to the U.S. Trustee Guidelines and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorney's services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

8. To the extent this Order is inconsistent with the Engagement Letter, this Order will govern.

9. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.