

**ENERGY CONVERSION DEVICES REPORTS
FIRST QUARTER 2007 OPERATING RESULTS
ENERGY CONVERSION DEVICES, INC. AND SUBSIDIARIES**

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

	Three Months Ended September 30,	
	2006	2005
	(Unaudited)	
REVENUES		
Product sales	\$ 22,858	\$ 19,267
Royalties	664	1,183
Revenues from product development agreements	2,954	1,897
Revenues from product development agreements with related parties	<u>151</u>	<u>415</u>
Total revenues from product development agreements	3,105	2,312
Revenues from license and other agreements	<u>555</u>	<u>486</u>
TOTAL REVENUES	27,182	23,248
EXPENSES		
Cost of product sales	18,004	15,860
Cost of revenues from product development agreements	2,574	1,871
Product development and research	8,175	8,505
Operating, general and administrative (net) and patents	<u>5,773</u>	<u>3,796</u>
TOTAL EXPENSES	34,526	30,032
LOSS FROM OPERATIONS	(7,344)	(6,784)
Interest and other income (expense), net	<u>5,042</u>	<u>576</u>
NET LOSS FROM CONTINUING OPERATIONS	(2,302)	(6,208)
LOSS FROM DISCONTINUED OPERATIONS	<u>—</u>	<u>(258)</u>
NET LOSS	<u><u>\$ (2,302)</u></u>	<u><u>\$ (6,466)</u></u>
Basic Net Loss Per Share		
Continuing operations	\$ (.06)	\$ (.21)
Discontinued operations	<u>—</u>	<u>(.01)</u>
	<u><u>\$ (.06)</u></u>	<u><u>\$ (.22)</u></u>
Diluted Net Loss Per Share		
Continuing operations	\$ (.06)	\$ (.21)
Discontinued operations	<u>—</u>	<u>(.01)</u>
	<u><u>\$ (.06)</u></u>	<u><u>\$ (.22)</u></u>
Shares used in calculation of net income per share:		
Basic	39,070	29,016
Diluted	39,070	29,016

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ENERGY CONVERSION DEVICES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands)

	September 30, 2006	June 30, 2006
	<u>(Unaudited)</u>	<u></u>
ASSETS		
Cash and cash equivalents	\$ 63,360	\$ 164,962
Short-term investments	314,355	239,505
Accounts receivable, net	27,953	27,885
Inventories	22,986	21,527
Property, plant and equipment (net)	162,732	138,231
Other	<u>5,198</u>	<u>4,232</u>
TOTAL ASSETS	<u>\$ 596,584</u>	<u>\$ 596,342</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other liabilities	\$ 28,323	\$ 26,339
Long-term liabilities	<u>32,535</u>	<u>32,982</u>
Total Liabilities	60,858	59,321
Stockholders' equity	<u>535,726</u>	<u>537,021</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 596,584</u>	<u>\$ 596,342</u>

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ENERGY CONVERSION DEVICES, INC. AND SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS

(In Thousands)

	Three Months Ended September 30,	
	<u>2006</u>	<u>2005</u>
	(Unaudited)	
OPERATING ACTIVITIES:		
Net loss	\$ (2,302)	\$ (6,466)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,982	1,982
Bad debt expense	1,051	25
Amortization of premium/discount on investments	534	-
Stock and stock options issued for services rendered	603	999
Other	147	(171)
Changes in working capital	<u>(2,034)</u>	<u>(2,339)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(19)</u>	<u>(5,970)</u>
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment (including construction in progress)	(26,472)	(10,643)
Purchase (proceeds from sale) of investments	<u>(75,370)</u>	<u>11,841</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(101,842)	1,198
NET CASH PROVIDED BY FINANCING ACTIVITIES	226	9,265
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>33</u>	<u>(127)</u>
NET CASH FLOW	(101,602)	4,366
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>164,962</u>	<u>84,295</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 63,360</u>	<u>\$ 88,661</u>

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ENERGY CONVERSION DEVICES, INC. AND SUBSIDIARIES

SEGMENT REVENUE AND OPERATING INCOME/(LOSS)

(In Thousands)

	<u>Revenues</u>		<u>Income (Loss) from Operations</u>	
	Three Months Ended September 30,		Three Months Ended September 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	(Unaudited)		(Unaudited)	
United Solar Ovonix	\$ 23,860	\$ 19,359	\$ 1,469	\$ 1,680
Ovonix Battery ⁽¹⁾	1,860	2,964	(1,521)	(724)
Energy Conversion Devices	19,861 ⁽²⁾	11,115 ⁽²⁾	(6,761)	(7,592)
Consolidating Entries	<u>(18,399)</u>	<u>(10,190)</u>	<u>(531)</u>	<u>(148)</u>
Consolidated	<u>\$ 27,182</u>	<u>\$ 23,248</u>	<u>\$ (7,344)</u>	<u>\$ (6,784)</u>

(1) Excludes discontinued operations

(2) Principally the sale by ECD to United Solar Ovonix of the solar PV module machinery and equipment which is eliminated in consolidation. The ECD revenues, excluding the consolidating entry, were \$1,474,000 and \$933,000 at September 30, 2006 and 2005, respectively.