

# **ENERGY CONVERSION DEVICES, INC.**

## **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

### **PURPOSE**

The Corporate Governance and Nominating Committee (the "Committee") is appointed by the Board of Directors of Energy Conversion Devices, Inc. to (1) identify individuals qualified to become Board members; (2) recommend nominees for election or reelection at each annual meeting of stockholders; and (3) develop and implement the Company's corporate governance principles.

### **COMPOSITION AND TERM**

The Committee shall be composed entirely of "independent directors," as required by Nasdaq Stock Market, Inc. listing standards and any other legal requirement as shall be in effect. The Board shall, in the exercise of its business judgment, determine the independence of directors and nominees for this purpose.

The Committee shall consist of at least three directors and shall be appointed by the Board at the annual meeting of the Board following the annual meeting of stockholders, and shall serve until their successors shall be duly elected and qualified or their earlier resignation or removal. The Chair of the Committee shall be appointed from among the Committee members by the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, oversee agendas for meetings, and determine the Committee's information needs, except as otherwise provided by action of the Committee. In the absence of the Chairman at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

### **COMMITTEE MEETINGS**

The Committee shall meet on a regularly scheduled basis at least four times per year, or more frequently as it deems to be necessary or appropriate, either in person or telephonically, and at such times and places as the Committee shall determine. Meetings may be called by the Chair of the Committee and/or the Chairman of the Board and/or the Chief Executive Officer of the Company. The Committee may take action by written consent. The Company's General Counsel will be the management liaison to the Committee and the Company's Corporate Secretary may act as the Committee Secretary. The management of the Company will prepare a preliminary agenda for the regularly-scheduled meetings for review and approval by the Committee Chairman. The Committee shall meet in executive session without the presence of any members of management as often as it deems appropriate.

The Committee shall report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.

## KEY RESPONSIBILITIES

Among its specific responsibilities, the Committee shall:

- (1) Establish criteria and qualifications for Board membership, including standards for assessing independence. The following minimum qualifications must be met by a nominee for a position on the Board:
  - have the highest personal and professional ethics and integrity and whose values are compatible with the Company's values;
  - have had experiences and achievements that have given them the ability to exercise good business judgment;
  - can make significant contributions to the Company's success;
  - have the ability to provide wise, informed and thoughtful counsel to top management on a range of issues;
  - are willing to devote the necessary time to the work of the Board and its committees;
  - understand and meet their responsibilities to the Company's stakeholders including the duty of care (making informed decisions) and the duty of loyalty (maintaining confidentiality and avoiding conflicts of interest); and
  - have backgrounds that provide a portfolio of experience and knowledge commensurate with the Company's needs.
- (2) Evaluate the composition, size, role and functions of the Board and its committees to oversee successfully the business of the Company in a manner consistent with the Company's business strategy and goals, and make recommendations to the Board for its approval.
- (3) Lead the search for individuals qualified to become members of the Board of Directors; interview candidates for membership on the Board of Directors recommended by the Committee, the Chairman of the Board, the Chief Executive Officer and/or others designated by the Board of Directors; advise the Board of Directors of the Committee's findings; and recommend to the Board of Directors the appropriate action with respect to each prospective member's candidacy.
- (4) Recommend to the Board nominees for election or reelection at each annual meeting of stockholders.
- (5) Review annually the Board of directors' committee structure and, in consultation with the Chairman of the Board, recommend to the Board for its approval directors to serve as members of each committee and as Committee Chair.
- (6) Define and review annually the role and responsibilities of the Executive Chairman and Non-Executive Chairman of the Board, as applicable.

- (7) Consider persons recommended by stockholders in accordance with procedures for stockholder nominations in the same manner as a committee-recommended nominee.
- (8) Develop and recommend to the Board for its approval the Company's Corporate Governance Principles, Code of Business Conduct and other corporate policies for which the Committee has responsibility. The Committee shall review the Company's Corporate Governance Principles and such policies on an annual basis and recommend changes as necessary.
- (9) Review related persons transactions and, if appropriate, recommend approval to the Audit Committee.
- (10) Review annually the renewal of the Directors and Officers Liability Insurance.
- (11) Develop and recommend to the Board for its approval an annual self-evaluation process of the board and its Committees. The Committee shall oversee the annual self-evaluation process which will be used by the Board and by each Committee of the Board to determine their effectiveness and opportunities for improvement.
- (12) Assist the Non-Executive Chairman of the Board in undertaking the performance appraisal of the Chief Executive Officer and facilitate a review and discussion with the Board.
- (13) Review periodically changes to the rules and regulations in order to maintain a current understanding and knowledge of legal, regulatory, and relevant best practices corporate governance developments and principles.
- (14) Identify and encourage participation in opportunities for corporate governance related continuing education by all Board members.
- (15) Establish annual performance goals and objectives for the Committee. The Committee shall evaluate once a year its performance in light of these goals and objectives and annually report its performance to the Board.
- (16) Review and reassess the adequacy of this Charter annually, and recommend to the Board amendments to the Charter as the Committee deems appropriate.
- (17) Review and make recommendations about changes to the charters of other Board committees after consultation with the respective committee chairs.

## **OTHER MATTERS**

The Committee shall have the authority to retain any legal counsel consultants or other advisors to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee's activities, including the compensation of the Committee's counsel, consultants and other advisors. The Committee shall have the sole

authority to retain, compensate, direct, oversee and terminate counsel, compensation consultants and other advisors hired to assist the Committee.

The Committee has full authority to form, and delegate specific responsibilities to, ad hoc subcommittees, as deemed appropriate, it being that the Committee shall retain primary responsibility therefore.