



DayStar Technologies Announces FY 2007 Financial Results

Santa Clara, CA, March 6, 2008 / PR Newswire-First Call / – DayStar Technologies, Inc. (Nasdaq: DSTI), a developer of photovoltaic products based on CIGS thin film semiconductor technology, today announced financial results for the year-ended Dec. 31, 2007.

On Dec. 31, 2007, DayStar had cash and U.S. treasury funds of \$61.4 million, compared with \$2.9 million at the end of 2006. Except for operating accounts, all cash is invested in treasury instruments. The company had total liabilities of \$6.2 million, including \$2.6 million in accounts payable and accrued expenses and \$2.8 million in stock warrants, with minimal amounts in notes and capital leases at the end of the year. Total stockholders' equity was \$65.1 million.

DayStar reported a net loss for the year ended Dec. 31, 2007 of \$36.1 million or a loss of \$2.09 per share, compared with a net loss of \$20.4 million or a loss of \$3.00 per share for the year ended Dec. 31, 2006. The overall increase in net loss was primarily the result of an increase in non-cash, and more specifically, non-recurring non-cash expenses during the year. Of the \$36.1 million loss, \$21.2 million came in the form of non-cash expenses.

DayStar will hold its fourth quarter conference call today, March 6, 2008, at 2 pm Pacific time. To listen to the call, please dial 210/234.0003 (passcode is Daystar) at approximately 1:50 pm. To listen to the replay, dial 203/369.3737. A webcast will be available on the investor relations section of the DayStar website at www.daystartech.com for approximately one month after the call.

About DayStar Technologies, Inc.

DayStar Technologies, Inc. is engaged in the development, manufacturing and marketing of photovoltaic products based upon CIGS thin film semiconductor technology. For more information, visit the DayStar website at www.daystartech.com.

Certain statements contained in this press release, including statements regarding the future business of DayStar, and other statements contained herein regarding matters that are not historical facts, are "forward-looking" statements (as defined in the Private Securities Litigation Reform Act of 1995). Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, those factors discussed in the section entitled "Risk Factors" in our Registration Statement on Form SB-2 filed with the SEC on November 30, 2007. You should not place undue reliance on the forward-looking statements in this press release, and we disavow any obligation to update or supplement those statements in the event of any changes in the facts, circumstances, or expectations that underlie those statements.

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DAYSTAR TECHNOLOGIES, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET

	<u>December 31, 2007</u>
ASSETS	
Current Assets:	
Cash and U.S.treasury funds	\$ 61,365,559
Other current assets	
Total current assets	<u>666,511</u>
Property and Equipment, at cost	62,032,070
Less accumulated depreciation and amortization	14,911,021
Net property and equipment	<u>(5,774,823)</u>
Other Assets	<u>9,136,198</u>
Total Assets	<u>72,427</u> \$ <u>71,240,695</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 2,620,635
Notes and capital leases payable, current portion	174,996
Deferred revenue and gain	<u>2,333</u>
Total current liabilities	2,797,964
Long-Term Liabilities:	
Notes and capital leases payable	171,983
Deferred revenue	420,000
Stock warrants	<u>2,771,090</u>
Total long-term liabilities	3,363,073
Commitments and Contingencies	—
Stockholders' Equity:	
Preferred stock, \$.01 par value; 3,000,000 shares authorized; 0 shares issued and outstanding	—
Common stock, \$.01 par value; 60,000,000 shares authorized; 32,621,262 shares issued and	—

outstanding	326,213
Additional paid-in capital	135,387,049
Accumulated deficit	(10,145,391)
Deficit accumulated during the development stage	<u>(60,488,213)</u>
Total stockholders' equity	<u>65,079,658</u>
Total Liabilities and Stockholders' Equity	<u>\$ 71,240,695</u>

DAYSTAR TECHNOLOGIES, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year	
	Ended December 31,	
	2007	2006
Revenue:		
Product revenue	\$ -	\$ 3,528
Research and development contract revenue	60,000	180,000
Total revenue	60,000	183,528
Costs and Expenses:		
Research and development	10,420,541	9,960,568
Selling, general and administrative	6,875,610	5,771,591
Restructuring	2,840,996	439,054
Depreciation and amortization	3,013,149	1,758,925
Total costs and expenses	23,150,296	17,930,138
Other Income (Expense):		
Other income	566,533	1,094,426
Interest expense	(523,355)	(1,733,325)
Amortization of note discount and financing costs	(4,176,138)	(4,747,806)
Gain (loss) on derivative liabilities	(2,828,136)	2,692,114
Loss on extinguishment of debt	(6,091,469)	-
Total other income (expense)	(13,052,565)	(2,694,591)
Net Loss	\$ (36,142,861)	\$ (20,441,201)
Weighted Average Common Shares Outstanding (Basic And Diluted)	17,302,763	6,824,816
Net Loss Per Share (Basic and Diluted)	\$ (2.09)	\$ (3.00)

DAYSTAR TECHNOLOGIES, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended	
	December 31,	
	2007	2006
Cash Flows from Operating Activities:		
Net loss	\$ (36,142,861)	\$ (20,441,201)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	3,013,149	1,758,925
Share-based compensation	4,090,045	1,341,114
Non-cash interest	279,369	1,325,715
Amortization of note discount and non-cash financing costs	3,634,439	4,747,806
(Gain)\ loss on derivative liabilities	2,828,136	(2,692,114)
Non-cash restructuring charges	1,278,253	-
Loss on extinguishment of debt	6,091,469	-
Changes in operating assets and liabilities:		
Receivables	3,906	516,115
Other assets	2,939,109	(3,416,527)
Accounts payable and accrued expenses	(79,678)	1,548,905
Deferred revenue	(67,000)	(7,000)
Net cash used in operating activities	(12,131,664)	(15,318,262)
Cash Flows from Investing Activities:		
Purchase of investments	-	(11,183,526)
Proceeds from sale of investments	-	16,264,541
Purchase of equipment and improvements	(1,658,226)	(8,445,264)
Net cash used in investing activities	(1,658,226)	(3,364,249)
Cash Flows from Financing Activities:		
Proceeds from sale of stock	78,312,500	-
Proceeds from issuance of notes	9,000,000	15,000,000

Payments on notes and capital leases	(10,651,264)	(468,746)
Cost of financing	(5,417,582)	(924,797)
Proceeds from exercise of warrants and stock options	<u>1,051,076</u>	<u>653,478</u>
Net cash provided by financing activities	<u>72,294,730</u>	<u>14,259,935</u>
Increase \ (decrease) in cash and cash equivalents	58,504,840	(4,422,576)
Cash and cash equivalents, beginning of period	<u>2,860,719</u>	<u>7,283,295</u>
Cash and cash equivalents, end of period	<u>\$ 61,365,559</u>	<u>\$ 2,860,719</u>