

**Technology, Media & Telecom: Semiconductor Manufacturing**

Important disclosures may be found on the last two pages of the report.

MEMC ELECTRONIC MATERIALS, INC. (WFR -\$12.04*)St. Peters, MO
January 28, 2005**Market Perform**Price Target \$10.00
Update**STOCK DATA**

52 Week Range	\$13.28-\$7.33
ADTV - 3 Month	0.8
Market Cap	\$2,502.9
Shares Outstanding (Diluted)	222.1

EARNINGS DATA

EPS (FD Operating)			
Dec.	2003A	2004A	2005E
1Q	\$0.09	\$0.16	\$0.24
2Q	0.13	0.19	0.26
3Q	0.16	0.27	0.28
4Q	0.15	0.26	0.30
FY	\$0.53	\$0.89	\$1.08
P/E	18.0x	15.0x	11.1x

FY	2003A	2004A	2005E
Revenue	781.1	1,028.0	1,136.9

FINANCIAL DATA

	4Q04
Cash & Equivalents	\$92.31
Accounts Receivable	\$140.73
Inventories	\$127.56
Current Assets	\$390.33
Total Assets	\$982.54
Total Current Liabilities	\$215.62
Long-Term Debt	\$116.08
Total Debt	\$140.48
Total Stockholder Equity	\$442.08

Financial Values In Millions

**WFR 4Q Results: Margin Pressure an Issue--
Maintaining Market Perform Rating****Summary and Recommendation**

MEMC reported its 4Q results yesterday after the close. Reported 4Q revenues of \$268.4M were down 2.5% QOQ, although in line with the midpoint of the company's guidance range, and above our estimate of \$261.5M. But, reported gross margin of 36.6% was well below our estimate of 38% due to an unfavorable product mix (200mm wafers under pricing pressure). Although the disappointing margins are expected to keep pressure on stock, we believe a mix of improving wafer demand environment by midyear as well as the company's continued efforts to improve EBITDA and FCF margins are two catalysts that could make us become more aggressive on the name. However, given the uncertainties with demand this early in the quarter, we maintain our Market Perform rating until there is increased visibility.

Key Points

- **4Q margins an issue.** Although revs. were better than expected, the lower GM combined with higher than expected op. cost resulted in a 25.6% op. margin, lower than our est. of 27.6%. Despite the lower op. profit of \$68.6M, a lower than modeled tax rate helped MEMC to realize op. EPS of \$0.26, above our \$0.23 est.
- **Guidance was a mixed bag.** Despite WFR's flat 1Q05 revenue guidance, which is \$21M above our est., the impact to EPS is only \$0.03 of upside to our estimate.
- **300mm ramp underway.** WFR continues to add 300mm capacity as it spent \$52M in capex in 4Q04, up 100% QOQ. This is expected to help it have 150,000 of 300mm wafers-per-month capacity by the end of 1Q05, which will help improve the 300mm wafers mix to 18%.
- **Focus on EBITDA and FCF margin improvement.** When we launched coverage on the name last August, we argued for continued improvement in operational efficiencies and cash flow before becoming aggressive on the name. Although the mix issue put pressure on GM exiting '04, we are somewhat encouraged to see the EBITDA margin improving to 30% by the year-end, up from 22% in '03.

Mehdi Hosseini ** • 415.248.2931 • mhosseini@fbr.com
Anthony Luscri • 415.248.2937 • aluscri@fbr.com

Friedman, Billings, Ramsey & Co., Inc.
1001 Nineteenth Street North • Arlington, Virginia 22209

Risks

Given the current inventory overhang, we expect near-term risks to current estimates, as a more prolonged inventory correction could affect wafer starts over the next six months.

MEMC recently extended the useful lives of certain assets to better reflect their economic life. This reevaluation resulted in a 2% favorable impact on gross profit, which somewhat affects comparisons. We, thus, would look for ongoing improvement in gross margin through better asset utilization and turnover to determine management's effectiveness.

Although Texas Pacific Group's (TPG) ownership in MEMC has been reduced from 90% to its current level of about 60%, we believe that this is still an overhang on the stock that has nothing to do with fundamentals. We expect further reduction in TPG's ownership going forward.

Although the industry has consolidated, mitigating the risk of wafer-supply overcapacity, we believe that the risk of overcapacity remains as Japan-based competitors, with deep pockets, could flood the market with 300mm capacity aimed at increasing market share.

Given MEMC's facility loans and the indenture for its senior subordinated secured notes, the company is required to fulfill a number of restrictive covenants. In the event of violation, the loan commitments under the revolving credit facility may terminate, and, thus, the loan and accrued interest outstanding would be lost.

Company Profile

Incorporated in 1984, MEMC Electronic Materials, Inc., is engaged in the design, manufacture, and sale of electronic-grade wafers for the semiconductor industry. The company provides wafers in sizes ranging from 100 millimeters (4 inches) to 300 millimeters (12 inches), including three general categories of wafer: prime polished, epitaxial, and test/monitor. Its principal customers are semiconductor device manufacturers, including major memory, microprocessor, and application-specific integrated circuit (ASIC) manufacturers and foundries. MEMC's wafers are used as a starting material for the manufacture of various types of semiconductor devices, including microprocessor, memory, logic, and power devices. The company operates manufacturing facilities in Europe, Malaysia, Japan, South Korea, the United States, and Taiwan.

(FY/DEC)	MAR03A	JUN03A	SEP03A	DEC03A	FY03	MAR04A	JUN04A	SEP04A	DEC04A	FY04	MAR05E	JUN05E	SEP05E	DEC05E	FY05
REVENUE	188.3	191.8	195.9	205.0	791.1	228.8	255.5	275.3	268.4	1,028.0	269.0	278.0	291.9	298.0	1,136.9
% Change Y/Y	37.8%	10.1%	3.0%	10.2%	13.7%	21.9%	33.2%	40.5%	30.9%	31.6%	17.6%	8.8%	6.0%	11.0%	10.6%
% Change Q/Q	1.3%	1.8%	2.1%	4.7%	11.6%	11.6%	11.7%	7.7%	-2.5%	3.1%	0.2%	3.3%	5.0%	2.1%	
TOTAL COGS	134.1	136.2	137.4	140.6	548.3	155.4	168.4	164.5	170.2	658.5	170.8	175.5	181.0	183.2	710.5
GROSS PROFIT	54.2	55.6	58.5	64.4	232.8	73.3	87.2	110.7	98.2	369.4	98.2	102.5	110.9	114.8	426.4
% Total Revenue	28.8%	29.0%	29.9%	31.4%	29.8%	32.1%	34.1%	40.2%	36.6%	35.9%	36.5%	36.9%	38.0%	38.5%	37.5%
R&D	7.4	8.5	8.4	8.6	32.9	8.9	9.3	9.4	10.4	38.0	9.5	8.3	8.8	8.9	35.5
% Total Revenue	3.9%	4.4%	4.3%	4.2%	4.2%	3.9%	3.6%	3.4%	3.9%	3.7%	3.5%	3.0%	3.0%	3.1%	3.1%
SG&A	14.1	13.4	13.6	16.1	57.2	17.2	17.8	17.8	19.2	71.9	19.0	18.9	19.8	20.3	78.0
% Total Revenue	7.5%	7.0%	6.9%	7.9%	7.3%	7.5%	7.0%	6.5%	7.1%	7.0%	7.1%	6.8%	6.8%	6.8%	6.9%
OPERATING PROFIT	32.7	33.7	36.5	39.7	142.6	47.2	60.0	83.6	68.6	259.5	69.7	75.3	82.3	85.6	312.8
% Total Revenue	17.4%	17.6%	18.6%	19.4%	18.3%	20.7%	23.5%	30.4%	25.6%	25.2%	25.9%	27.1%	28.2%	28.7%	27.5%
% Change Y/Y	-1369.6%	63.0%	21.4%	23.7%	77.7%	44.4%	78.2%	128.9%	72.9%	81.9%	47.5%	25.3%	-1.5%	24.7%	20.6%
% Change Q/Q	2.0%	3.0%	8.3%	8.8%	19.0%	19.0%	27.1%	39.2%	-17.9%	1.6%	1.6%	8.0%	9.4%	4.0%	
OTHER	(3.4)	0.9	12.2	3.6	13.3	6.5	(9.1)	(0.4)	2.4	(0.6)	(0.8)	(0.5)	(0.5)	(0.5)	(2.3)
PRETAX PROFIT	29.3	34.6	48.7	43.3	155.9	53.7	51.0	83.2	71.1	258.9	68.9	74.8	81.8	85.1	310.5
% Total Revenue	15.6%	18.0%	24.8%	21.1%	20.0%	23.5%	19.9%	30.2%	26.5%	25.2%	25.6%	26.9%	28.0%	28.6%	27.3%
% Change Y/Y	-530.6%	33.1%	-265.6%	-2.1%	347.1%	83.2%	47.5%	70.9%	64.0%	66.1%	28.2%	46.7%	-1.6%	19.7%	19.9%
% Change Q/Q	-33.7%	17.9%	40.8%	-11.0%	24.0%	24.0%	-5.1%	63.1%	-14.6%	3.0%	-3.0%	8.5%	9.4%	4.0%	
TAXES	8.2	7.8	12.2	8.7	36.9	13.4	12.7	20.8	12.3	59.2	13.8	15.0	16.4	17.0	62.1
Tax Rate	28.0%	22.5%	25.0%	20.1%	23.6%	25.0%	25.0%	25.0%	17.2%	22.9%	20.0%	20.0%	20.0%	20.0%	20.0%
OTHER AFTER TAX	(1.1)	(1.7)	(1.6)	(1.9)	(6.2)	1.7	(17.5)	-	(11.6)	(27.4)	-	-	-	-	-
MINORITY INTERESTS	2.4	1.2	2.9	2.1	8.6	2.7	3.0	2.7	2.4	10.7	2.0	2.0	2.0	2.0	8.0
NET INCOME - CONT OP	19.7	27.3	35.2	34.4	116.6	35.9	43.1	59.7	57.4	196.1	53.1	57.8	63.4	66.1	240.4
% Total Revenue	10.5%	14.2%	18.0%	16.8%	14.9%	15.7%	16.9%	21.7%	21.4%	19.1%	19.7%	20.8%	21.7%	22.2%	21.1%
% Change Y/Y	-293.1%	106.7%	-176.4%	-5.7%	-1948.4%	81.9%	57.3%	69.7%	66.7%	68.1%	47.9%	34.2%	6.2%	15.2%	22.6%
% Change Q/Q	-45.9%	38.2%	29.0%	-2.3%	-	4.4%	20.0%	38.6%	-3.9%	-	-7.4%	8.8%	9.7%	4.2%	
NET INCOME - TOTAL	19.7	27.3	35.2	34.4	116.6	35.9	60.6	59.7	69.0	225.2	53.1	57.8	63.4	66.1	240.4
% Total Revenue	10.5%	14.2%	18.0%	16.8%	14.9%	15.7%	23.7%	21.7%	25.7%	21.9%	19.7%	20.8%	21.7%	22.2%	21.1%
% Change Y/Y	-293.6%	92.8%	-178.6%	-3.7%	-2400.1%	81.9%	122.2%	69.7%	100.4%	93.1%	47.9%	-4.6%	6.2%	-4.2%	6.8%
% Change Q/Q	-44.8%	38.2%	29.0%	-2.3%	-	4.4%	68.8%	-1.5%	15.5%	-	-23.0%	8.8%	9.7%	4.2%	
SHARES	210.7	217.7	223.8	223.0	218.8	222.1	221.0	220.4	222.1	221.4	222.5	222.9	223.3	223.7	223.1
EPS - CONT OPS	\$ 0.09	\$ 0.13	\$ 0.16	\$ 0.15	\$ 0.53	\$ 0.16	\$ 0.19	\$ 0.27	\$ 0.26	\$ 0.89	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.30	\$ 1.08
% Change Y/Y	-165.8%	95.5%	-162.4%	-45.1%	-1342.2%	72.5%	55.6%	72.3%	67.4%	72.5%	47.7%	33.0%	4.8%	14.4%	21.7%
% Change Q/Q	-56.6%	33.7%	25.5%	-1.9%	-	4.8%	20.6%	39.0%	-4.7%	66.1%	-7.6%	8.6%	9.5%	4.0%	
EPS - TOTAL	\$ 0.09	\$ 0.13	\$ 0.16	\$ 0.15	\$ 0.53	\$ 0.16	\$ 0.27	\$ 0.27	\$ 0.31	\$ 1.02	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.30	\$ 1.08
% Change Y/Y	-164.0%	82.4%	-164.2%	-44.0%	-1645.8%	72.5%	118.9%	72.3%	101.3%	90.8%	47.7%	-5.4%	4.8%	-4.9%	6.0%
% Change Q/Q	-56.0%	33.7%	25.5%	-1.9%	-	4.8%	69.6%	-1.2%	14.6%	-	-23.1%	8.6%	9.5%	4.0%	
Proprietor to Friedman Billions, Ramsey and Co., Inc. -- \$15,248,293.1															

% Challenge GfG	-66.0%	33.1%	20.3%	-1.3%
-----------------	--------	-------	-------	-------

Proprietary to Friedman Billings Ramsell and Co. Inc. -- Mehdi Hosseini - 415 248 2931

WFR Cash Flow Model												
(\$ Millions)												
	10Q3A	20Q3A	30Q3A	40Q3A	10Q4A	20Q4A	30Q4A	40Q4	10Q5E	20Q5E	30Q5E	40Q5E
Net Income from Operations	19.74	27.28	35.20	34.40	35.91	60.60	59.72	68.96	53.12	57.80	63.44	66.08
Depreciation & Amortization	8.76	8.33	6.18	7.78	9.92	10.24	11.44	12.53	12.11	12.51	13.14	13.41
(Incr) Decr in Accounts Receivable	7.04	(10.11)	(9.28)	4.36	(16.23)	(19.61)	(13.01)	11.15	(0.77)	(4.73)	(7.31)	(3.21)
(Incr) Decr in Inventories	(5.53)	(5.54)	(1.79)	(11.53)	(13.56)	10.49	(7.22)	(7.79)	(5.09)	(4.44)	(6.85)	(3.01)
(Incr) Decr in Other Current Assets	(1.19)	0.61	(7.25)	3.63	(9.40)	10.10	1.32	(9.61)	0.00	0.00	0.00	0.00
Incr (Decr) in Current Liab. (Excl. debt)	(0.82)	4.64	10.91	10.00	27.31	11.01	(6.26)	31.86	0.00	0.00	0.00	0.00
= Cash from Operations	27.99	25.21	33.98	48.64	33.95	82.83	46.00	107.10	59.36	61.14	62.40	73.27
(Incr) Decr in Other Non-Current Assets	0.02	0.00	(32.51)	(8.06)	(57.23)	0.01	0.06	0.01	0.00	0.00	0.00	0.00
Capital Spending (Net of sales)	(15.81)	(21.20)	(25.19)	(23.03)	(29.00)	(44.00)	(25.50)	(51.73)	(40.35)	(41.70)	(43.79)	(44.70)
= Cash from Investing	(15.79)	(21.20)	(57.69)	(31.09)	(86.23)	(43.99)	(25.44)	(51.72)	(40.35)	(41.70)	(43.79)	(44.70)
Incr (Decr) in Non-curr Liab. (Excl. debt)	58.99	0.03	2.16	16.35	(23.55)	(7.57)	(1.17)	(8.47)	0.00	0.00	0.00	0.00
Additional Debt	(134.00)	(108.57)	(0.12)	(9.55)	83.42	(31.94)	(40.19)	(78.90)	0.00	0.00	0.00	0.00
Common Stock/Other Equity	34.03	97.53	19.94	(17.81)	(0.18)	5.78	0.60	19.07	0.00	0.00	0.00	0.00
= Cash from Financing	(40.98)	(11.01)	21.98	(11.01)	59.68	(33.73)	(40.76)	(68.30)	0.00	0.00	0.00	0.00
= Increase/(Decrease) in Cash	(28.78)	(6.99)	(1.74)	6.54	7.41	5.10	(20.20)	(12.91)	19.01	19.44	18.62	28.57
+Beginning Cash	165.65	160.80	127.62	125.82	130.70	140.62	129.49	103.31	92.31	111.32	130.76	149.38
+Adjustment	23.93	(26.19)	(0.06)	(1.66)	(0.40)	(13.79)	(5.94)	1.91	0.00	0.00	0.00	0.00
= End Cash	160.80	127.62	125.82	130.70	137.70	131.93	103.35	92.31	111.32	130.76	149.38	177.95
FREE CASH FLOW												
Quarterly	12.17	4.01	8.79	25.61	4.95	38.83	20.50	55.37	19.01	19.44	18.62	28.57
% Y/Y	-180%	38%	-124%	-18%	-59%	868%	133%	116%	284%	-50%	-9%	-48%
% Q/Q	-61%	-67%	119%	191%	-81%	684%	-47%	170%	-66%	2%	-4%	53%
FY-End				\$ 51				\$ 120				\$ 86
% Y/Y		6%	2%	4%	12%	15%	7%	21%	7%	7%	6%	10%
FCF Margin				189.9%				136.5%				-28.4%
YE-FCF Margin				6%				12%				8%
ASSETS												
Cash & equivalents	160.80	127.62	125.82	130.70	140.62	129.49	103.31	92.31	111.32	130.76	149.38	177.95
Accounts receivable, net	87.99	98.10	107.38	103.02	119.25	138.86	151.87	140.73	141.50	146.24	153.55	156.76
Inventories, net	90.64	96.18	97.96	109.49	123.05	112.56	119.78	127.56	132.66	137.10	143.95	146.96
Other current assets	18.12	18.52	25.77	22.14	31.54	16.44	20.12	29.72	29.72	29.72	29.72	29.72
Total Current Assets	358.55	340.41	356.93	365.35	414.45	397.36	395.08	390.33	415.21	443.82	476.61	511.39
PPE	191.55	203.32	253.45	270.37	361.55	392.71	387.28	444.67	472.92	502.11	532.75	564.04
Other non-current assets	84.58	83.33	82.98	91.04	76.06	106.74	98.94	147.54	147.54	147.54	147.54	147.54
Total Assets	634.67	627.06	693.36	726.75	852.06	896.81	881.29	982.54	1035.66	1093.47	1156.90	1222.98
LIABILITIES & SHAREHOLDERS' EQUITY												
Short term debt	100.26	53.35	80.63	71.94	86.90	57.45	21.87	24.40	24.40	24.40	24.40	24.40
Other current liabilities	155.66	153.08	162.22	172.21	166.88	179.12	167.63	191.23	191.23	191.23	191.23	191.23
Total Current Liabilities	255.92	206.43	242.84	244.05	253.78	236.57	189.50	215.62	215.62	215.62	215.62	215.62
Long term debt	170.38	87.41	60.02	59.25	127.61	125.12	120.51	116.08	116.08	116.08	116.08	116.08
Other non-current liabilities	211.29	211.31	213.48	229.82	241.33	239.40	217.22	208.76	208.76	208.76	208.76	208.76
Total Liabilities	637.59	505.16	516.33	533.13	622.72	601.08	527.24	540.46	540.46	540.46	540.46	540.46
Total Shareholders' Equity	(2.92)	121.90	177.03	193.62	229.34	295.73	354.05	442.08	495.20	553.01	616.44	682.52
Total Liabilities & Shareholders' Equity	634.67	627.06	693.36	726.75	852.06	896.81	881.29	982.54	1035.66	1093.47	1156.90	1222.98
LIQUIDITY RATIOS												
Current Ratio	140	165	147	150	163	168	208	181	193	206	221	237
Quick Ratio	0.97	1.09	0.96	0.96	1.02	1.13	1.35	1.08	1.17	1.28	1.40	1.55
Net Working Capital	103	\$ 134	\$ 114	\$ 121	\$ 161	161	\$ 206	\$ 175	\$ 200	\$ 228	\$ 261	\$ 296
Long-term Debt/Equity	(58.45)	0.72	0.34	0.31	0.56	0.42	0.34	0.26	0.23	0.21	0.19	0.17
Total Debt/Equity	-9284%	115%	79%	68%	94%	62%	40%	32%	28%	25%	23%	21%
Operating Income/Assets Ex Cash	4%	5%	6%	6%	5%	6%	6%	6%	6%	6%	6%	6%
Operating Income/Assets Ex Cash (12 mo)	1%	2%	6%	5%	6%	6%	6%	6%	6%	6%	6%	6%
BOOK & CASH VALUE												
Book Value Per Share	(\$0.01)	\$0.56	\$0.79	\$0.87	\$1.03	\$1.34	\$1.61	\$1.89	\$2.23	\$2.48	\$2.76	\$3.05
Tangible Book Value/Share	(\$0.01)	\$0.56	\$0.79	\$0.87	\$1.03	\$1.34	\$1.61	\$1.89	\$2.23	\$2.48	\$2.76	\$3.05
Cash Per Share	\$0.76	\$0.59	\$0.56	\$0.59	\$0.63	\$0.59	\$0.47	\$0.42	\$0.50	\$0.59	\$0.67	\$0.80
Net Cash Per Share	(\$0.52)	(\$0.06)	(\$0.07)	(\$0.00)	(\$0.33)	(\$0.24)	(\$0.18)	(\$0.22)	(\$0.13)	(\$0.04)	\$0.04	\$0.17
Proprietary to Friedman, Billings, Ramsey and Co., Inc. - Mehdi Hosseini - 415,248,2937												

WFR Cash Flow Model												
(\$ Millions)												
	10Q3A	20Q3A	30Q3A	40Q3A	10Q4A	20Q4A	30Q4A	40Q4	10Q5E	20Q5E	30Q5E	40Q5E
Net Income from Operations	19.74	27.28	35.20	34.40	35.91	60.60	59.72	68.96	53.12	57.80	63.44	66.08
Depreciation & Amortization	8.76	8.33	6.18	7.78	9.92	10.24	11.44	12.53	12.11	12.51	13.14	13.41
(Incr) Decr in Accounts Receivable	7.04	(10.11)	(9.28)	4.36	(16.23)	(19.61)	(13.01)	11.15	(0.77)	(4.73)	(7.31)	(3.21)
(Incr) Decr in Inventories	(5.53)	(5.54)	(1.79)	(11.53)	(13.56)	10.49	(7.22)	(7.79)	(5.09)	(4.44)	(6.85)	(3.01)
(Incr) Decr in Other Current Assets	(1.19)	0.61	(7.25)	3.63	(9.40)	10.10	1.32	(9.61)	0.00	0.00	0.00	0.00
Incr (Decr) in Current Liab. (Excl. debt)	(0.82)	4.64	10.31	10.00	27.31	11.01	(6.26)	31.86	0.00	0.00	0.00	0.00
= Cash from Operations	27.99	25.21	33.98	48.64	33.95	82.83	46.00	107.10	59.36	61.14	62.40	73.27
(Incr) Decr in Other Non-Current Assets	0.02	0.00	(32.51)	(8.06)	(57.23)	0.01	0.06	0.01	0.00	0.00	0.00	0.00
Capital Spending (Net of sales)	(15.81)	(21.20)	(25.19)	(23.03)	(29.00)	(44.00)	(25.50)	(51.73)	(40.35)	(41.70)	(43.79)	(44.70)
= Cash from Investing	(15.79)	(21.20)	(25.69)	(31.09)	(86.23)	(43.99)	(25.44)	(51.72)	(40.35)	(41.70)	(43.79)	(44.70)
Incr (Decr) in Non-curr Liab. (Excl. debt)	58.99	0.03	2.16	16.35	(23.55)	(7.57)	(1.17)	(8.47)	0.00	0.00	0.00	0.00
Additional Debt	(134.00)	(108.57)	(0.12)	(9.55)	83.42	(31.94)	(40.19)	(78.90)	0.00	0.00	0.00	0.00
Common Stock/Other Equity	34.03	97.53	19.94	(17.81)	(0.18)	5.78	0.60	19.07	0.00	0.00	0.00	0.00
= Cash from Financing	(40.98)	(11.01)	21.98	(11.01)	59.68	(33.73)	(40.76)	(68.30)	0.00	0.00	0.00	0.00
= Increase/(Decrease) in Cash	(28.78)	(6.99)	(1.74)	6.54	7.41	5.10	(20.20)	(12.91)	19.01	19.44	18.62	28.57
+Beginning Cash	165.65	160.80	127.62	125.82	130.70	140.62	129.49	103.31	92.31	111.32	130.76	149.38
+Adjustment	23.93	(26.19)	(0.06)	(1.66)	(0.40)	(13.79)	(5.94)	1.91	0.00	0.00	0.00	0.00
= End Cash	160.80	127.62	125.82	130.70	137.70	131.93	103.35	92.31	111.32	130.76	149.38	177.95
FREE CASH FLOW												
Quarterly	12.17	4.01	8.79	25.61	4.95	38.83	20.50	55.37	19.01	19.44	18.62	28.57
% Y/Y	-180%	38%	-124%	-18%	-59%	868%	133%	116%	284%	-50%	-9%	-48%
% Q/Q	-61%	-67%	119%	191%	-81%	684%	-47%	170%	-66%	2%	-4%	53%
FY-End				\$ 51				\$ 120				\$ 86
% Y/Y		6%	2%	4%	12%	15%	7%	21%	7%	7%	6%	10%
FCF Margin				189.9%				136.5%				-28.4%
YE-FCF Margin				6%				12%				82%
ASSETS												
Cash & equivalents	160.80	127.62	125.82	130.70	140.62	129.49	103.31	92.31	111.32	130.76	149.38	177.95
Accounts receivable, net	87.99	98.10	107.38	103.02	119.25	138.86	151.87	140.73	141.50	146.24	153.55	156.76
Inventories, net	90.64	96.18	97.96	109.49	123.05	112.56	119.78	127.56	132.66	137.10	143.95	146.96
Other current assets	19.12	18.52	25.77	22.14	31.54	16.44	20.12	29.72	29.72	29.72	29.72	29.72
Total Current Assets	358.55	340.41	356.93	365.35	414.45	397.36	395.08	390.33	415.21	443.82	476.61	511.39
PPE	191.55	203.32	253.45	270.37	361.55	392.71	387.28	444.67	472.92	502.11	532.75	564.04
Other non-current assets	84.58	83.33	82.98	91.04	76.06	106.74	98.94	147.54	147.54	147.54	147.54	147.54
Total Assets	634.67	627.06	693.36	726.75	852.06	896.81	881.29	982.54	1035.66	1093.47	1156.90	1222.98
LIABILITIES & SHAREHOLDERS' EQUITY												
Short term debt	100.26	53.35	80.63	71.94	86.90	57.45	21.87	24.40	24.40	24.40	24.40	24.40
Other current liabilities	155.66	153.08	162.22	172.21	166.88	179.12	167.63	191.23	191.23	191.23	191.23	191.23
Total Current Liabilities	255.92	206.43	242.84	244.05	253.78	236.57	189.50	215.62	215.62	215.62	215.62	215.62
Long term debt	170.38	87.41	60.02	59.25	127.61	125.12	120.51	116.08	116.08	116.08	116.08	116.08
Other non-current liabilities	211.29	211.31	213.48	229.82	241.33	239.40	217.22	208.76	208.76	208.76	208.76	208.76
Total Liabilities	637.59	505.16	516.33	533.13	622.72	601.08	527.24	540.46	540.46	540.46	540.46	540.46
Total Shareholders' Equity	(2.92)	121.90	177.03	193.62	229.34	295.73	354.05	442.08	495.20	553.01	616.44	682.52
Total Liabilities & Shareholders' Equity	634.67	627.06	693.36	726.75	852.06	896.81	881.29	982.54	1035.66	1093.47	1156.90	1222.98
LIQUIDITY RATIOS												
Current Ratio	140	165	147	150	163	168	208	181	193	206	221	237
Quick Ratio	0.97	1.09	0.96	0.96	1.02	1.13	1.35	1.08	1.17	1.28	1.40	1.55
Net Working Capital	103	\$ 134	\$ 114	\$ 121	\$ 161	161	\$ 206	\$ 175	\$ 200	\$ 228	\$ 261	\$ 296
Long-term Debt/Equity	(58.45)	0.72	0.34	0.31	0.56	0.42	0.34	0.26	0.23	0.21	0.19	0.17
Total Debt/Equity	-9284%	115%	79%	68%	94%	62%	40%	32%	28%	25%	23%	21%
Operating Income/Assets Ex Cash	4%	5%	6%	6%	5%	6%	6%	6%	6%	6%	6%	6%
Operating Income/Assets Ex Cash (12 mo)	1%	2%	6%	5%	6%	6%	6%	6%	6%	6%	6%	6%
BOOK & CASH VALUE												
Book Value Per Share	(\$0.01)	\$0.56	\$0.79	\$0.87	\$1.03	\$1.34	\$1.61	\$1.89	\$2.23	\$2.48	\$2.76	\$3.05
Tangible Book Value/Share	(\$0.01)	\$0.56	\$0.79	\$0.87	\$1.03	\$1.34	\$1.61	\$1.89	\$2.23	\$2.48	\$2.76	\$3.05
Cash Per Share	\$0.76	\$0.59	\$0.56	\$0.59	\$0.63	\$0.59	\$0.47	\$0.42	\$0.50	\$0.59	\$0.67	\$0.80
Net Cash Per Share	(\$0.52)	(\$0.06)	(\$0.07)	(\$0.00)	(\$0.33)	(\$0.24)	(\$0.18)	(\$0.22)	(\$0.13)	(\$0.04)	\$0.04	\$0.17
Proprietary to Friedman, Billings, Ramsey and Co., Inc. - Mehdi Hosseini - 415,248,2937												

IMPORTANT INFORMATION CONCERNING FRIEDMAN, BILLINGS, RAMSEY & CO., INC.

Company Specific Disclosures

Specific disclosures are applicable to tickers indicated.

MEMC ELECTRONIC MATERIALS, INC. (WFR)

<http://www.fbrcorp.com/d.asp?GVKEY=060992&IID=01>

General Disclosures

Information about the research analyst responsible for this report:

The analyst(s) whose name(s) appear with an ** on the front page of this report certifies that the views expressed herein accurately reflect the analyst's personal views as to the subject securities and issuers, and further certifies that no part of such analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in the report. The analyst(s) responsible for this research report has received and is eligible to receive compensation, including bonus compensation, based on Friedman, Billings, Ramsey & Co. Inc.'s ("FBRC") overall operating revenues, including revenues generated by FBRC's investment banking department.

Information about our investment banking department:

In the normal course of its business, FBRC seeks to perform investment banking and other services for various companies and to receive compensation in connection with such services. As such, investors should assume that FBRC intends to seek investment banking or other business relationships with the companies.

Information about our recommendations, holdings and investment decisions:

Our brokers and analysts may make recommendations to their clients, and our affiliates may make investment decisions that are contrary to the recommendations contained in a research report. Such recommendations or investment decisions are based on the particular investment strategies, risk tolerances, and other investment factors of that particular client or affiliate. From time to time, FBRC, its affiliated entities, and their respective directors, officers, employees, or members of their immediate families may have a long or short position in the securities mentioned in this report.

Information about our rating system:

FBRC instituted the following three-tiered rating system on October 11, 2002 for securities it covers:

- Outperform — FBRC expects that the subject company will outperform similar companies within its industry over the next 12–18 months. We recommend that investors buy the securities at the current valuation.
- Market Perform — FBRC expects that the subject company will perform in line with similar companies within its industry. We recommend that investors maintain their current positions and add on weakness as the valuation or fundamentals become more favorable.
- Underperform — FBRC expects that the subject company will underperform similar companies within its industry. We recommend that investors reduce their positions until the valuation or fundamentals become more compelling.

Rating	FBRC Research Distribution ¹	FBRC Banking Services in the past 12 months ¹
Buy (Outperform)	47.1 %	22.2 %
Hold (Market Perform)	45.4 %	7.3 %
Sell (Underperform)	7.5 %	0.0 %

⁽¹⁾As of midnight on the business day immediately prior to the date of this publication.

A description of the five-tiered rating system used prior to October 11, 2002, can be found at <http://www.fbrcorp.com/disclosurespre10702.asp>.

General information about this research report:

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. This report should not be construed as advice designed to meet the particular investment needs of any investor, nor as an offer or solicitation to buy or sell the securities mentioned herein, and any opinions expressed herein are subject to change.

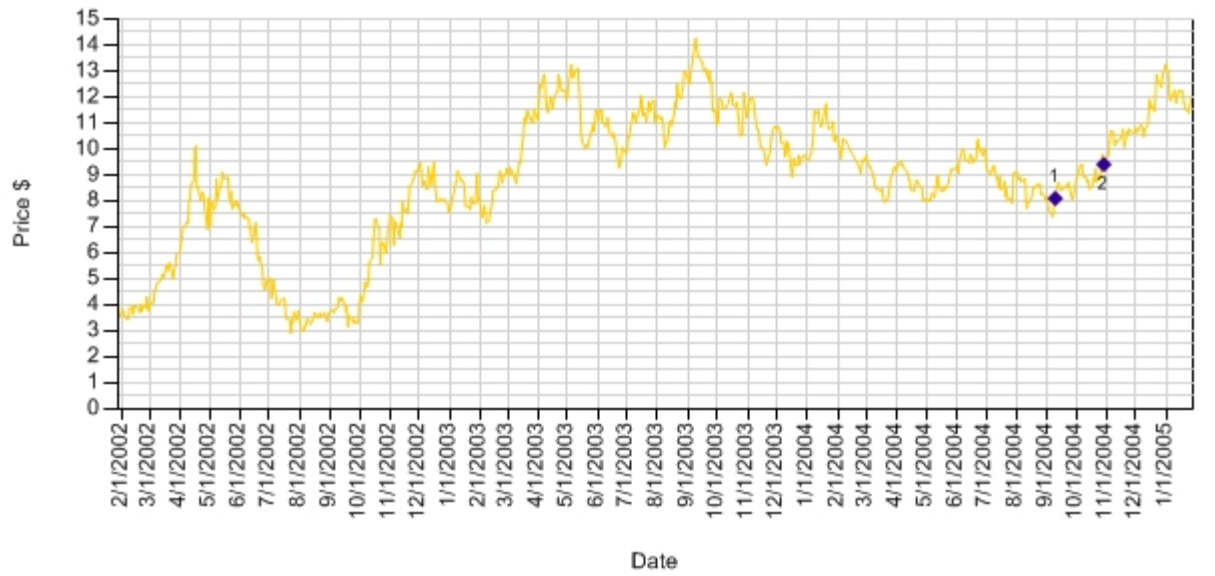
These securities may be sold to or purchased from customers or others by FBRC acting as principal or agent. This publication has been issued and approved by FBRC under a compliance routine approved by Friedman, Billings, Ramsey, International Ltd., its U.K. FSA Regulated affiliate, for distribution to U.K. and European non-private clients.

Commentary regarding the future direction of financial markets is illustrative and is not intended to predict actual results, which may differ substantially from the opinions expressed herein. References to "median," "consensus," "Street," etc., estimates of economic data refer to the median estimate of economists polled by Bloomberg L.P.

If any hyperlink is inaccessible, call 800.846.5050 and ask for Editorial.
Copyright 2005 Friedman, Billings, Ramsey & Co., Inc.

* Closing price of last business day immediately prior to the date of this publication.

WFR Performance



- Close
- Buy (incl. Outperform, Accum)
- Hold (incl. Mkt Perform)
- Sell (incl. Underperform)
- Split
- 1: \$9.00 p/t H - 09/09/04
- 2: \$10.00 p/t H - 10/29/04