



10 Nov 2005 - 09:55:24 AM EST

## COMPANY ALERT

## MEMC Electronic Materials

## 10-Q filing delay

## Company Announcement

## Buy

Reuters:WFR.N Exchange:NYSE Ticker:WFR

Price (USD)	20.11
Price target	24.00
52-week range	23.39 - 10.09
Market cap (USDm)	4,237.9
Shares outstanding (m)	210.7
Volume	1,848,000
S&P 500	1,220.65

FYE 12/31	2004A	2005E	2006E
1Q EPS (USD)	0.16	0.23	0.32
2Q EPS (USD)	0.20	0.26	0.33
3Q EPS (USD)	0.27	0.25	0.36
4Q EPS (USD)	0.25	0.34	0.39
FY EPS (USD)	0.89	1.08	1.40
P/E (x)	10.6	18.6	14.4

**Delay in filing F3Q (Sep) 10-Q**

MEMC Electronics informed the SEC this morning of a delay in filing its F3Q (Sep) 10-Q as restatements for 1Q05 (Mar) and 2Q05 (Jun) are not complete. The delay is due to the review and audit associated with the company's restatement of these prior periods. As previously reported, MEMC will restate 1Q05 and 2Q05 results to reverse a favorable tax adjustment of \$18.8M made in 1Q05 (resulting in a \$0.08 decrease in reported 1Q05 EPS, but having no material impact to revenue, operating EPS or cash flow), and to account for changes in revenue recognition policies associated with polysilicon sales. The impact of revenue recognition policy changes were reflected in F3Q reported revenue and F4Q revenue guidance.

**No changes to guidance**

The company has indicated no changes to guidance. We believe industry fundamentals continue to build favorably into 2006, and that recent (i.e. C4Q) contract negotiations are resulting in an improving pricing environment for 2006.

**Surprises can be disconcerting**

Although more of a frustration than anything else, we note that surprises (i.e. prior period restatements, and 10-Q filing delays), even without any material impact to aggregate company financial performance and estimates, simply create a measure of confusion that can have near term negative stock implications. We fall on the side of such things being overshadowed by strong industry and company fundamentals over the next several quarters.

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