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MEMC to buy Solaicx for up to \$103.6M

MEMC Electronic Materials Inc. said it has agreed to buy Santa Clara, Calif.-based Solaicx, a privately held maker of silicon ingots for the solar industry, in a deal that could reach \$103.6 million, including performance payouts.

Solaicx has about 80 employees and a production facility in Portland, Ore. The deal is expected to close by the end of June, pending approval by Solaicx shareholders and regulators. MEMC said it expects the purchase to be accretive to its earnings in 2011 subject to purchase accounting adjustments.

MEMC said it will pay \$66 million in cash to Solaicx's existing securityholders at closing, plus additional cash equal to recent investments or investments that may be made prior to closing, by its existing securityholders. MEMC said the additional investment is estimated at about \$10 million. The cash payment includes paying off Solaicx's debt.

The amount MEMC will pay is subject to adjustment based on the net working capital of Solaicx at closing. The company said the agreement also includes an additional \$27.6 million payable to Solaicx securityholders in cash and MEMC common stock, at the securityholders' election, if Solaicx meets certain performance targets this year and next.

The MEMC stock portion of the performance payout, if any, will be issued to Solaicx securityholders as a private placement, the company said.

Solaicx uses a proprietary, continuous crystal growth manufacturing technology to produce low-cost, high-efficiency monocrystalline silicon wafers for the photovoltaic solar industry, MEMC said. Solaicx's technology allows very high-volume crystal growth compared to silicon ingots produced in the traditional precision semiconductor manufacturing process, the company said. Wafers from Solaicx ingots have enhanced electrical performance that allows solar cell makers to create higher efficiency cells, MEMC said.

With the addition of Solaicx, MEMC said it will have low-cost polysilicon and crystal operations in North America and sales and support offices around the world.

Ken Hannah, president of MEMC Solar Materials, said in a statement, "The monocrystalline silicon market is forecast to grow at a compound annual growth rate of about 50 percent during the next three years. This transaction positions MEMC to significantly reduce the cost of monocrystalline silicon."

GCA Savvian Advisors LLC was MEMC's exclusive financial adviser in the deal.

St. Peters, Mo.-based MEMC Electronic Materials Inc. (NYSE: WFR), led by Chief Executive Ahmad Chatila, manufactures wafers for the semiconductor and other industries, and develops solar power projects and provides solar energy services through its SunEdison division. MEMC [reported](#) \$1.2 billion in 2009 revenue.