

**The Merriam Report WFR 12/31/10 MEMC ELECTRONIC MATERIALS INC**

All amounts in millions except for earnings per share

Quarterly period ending:	2	3	4	1	2	3	4	Averages
	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	
Earnings Per Share (Incl. Ext. Items)	\$ 0.010	\$ (0.290)	\$ (0.040)	\$ (0.040)	\$ 0.06000	\$ 0.080	\$ 0.050	\$ (0.024)
% Change in E.P.S. (from prev. qtr.)		-3000.0%	86.2%	0.0%	250.0%	33.3%	-37.5%	-444.7%
Total Revenues	28290.0	31000.0	35670.0	43770.0	44830.0	50310.0	85010.0	45554.3
% Change in Revenues (from prev. qtr.)		9.6%	15.1%	22.7%	2.4%	12.2%	69.0%	21.8%
Cost of Revenues	24800.0	289500.0	303700.0	378400.0	371400.0	418200.0	726100.0	358871.4
Accounts Receivable:	17250.0	18830.0	24580.0	33840.0	29500.0	42540.0	29600.0	28020.0
% Change in Receivables (from prev. qtr.)		9.2%	30.5%	37.7%	-12.8%	44.2%	-30.4%	13.1%
DSO's (# of days it took customers to pay)	55.5	55.3	62.7	70.4	59.9	76.9	31.7	58.9
Inventories:	10860.0	11000.0	16080.0	18830.0	20750.0	26750.0	45210.0	21354.3
% Change in Inventory (from prev. qtr.)		1.3%	46.2%	17.1%	10.2%	28.9%	69.0%	28.8%
Inventory as a % of Sales	38.4%	35.5%	45.1%	43.0%	46.3%	53.2%	53.2%	44.34%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	3790.0	9740.0	9910.0	8700.0	9170.0	13070.0	21080.0	10780.0
Property, Plant & Equip. (net):	104630.0	106540.0	146070.0	148730.0	157940.0	187000.0	227900.0	154115.7
% Change in P, P & E (from prev. qtr.)		1.8%	37.1%	1.8%	6.2%	18.4%	21.9%	14.5%
Accounts Payable:	14110.0	15120.0	21930.0	23000.0	28000.0	54300.0	74550.0	33001.4
% Change in Payables (from prev. qtr.)		7.2%	45.0%	4.9%	21.7%	93.9%	37.3%	35.0%
Quarterly period ending:	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	
Total Liabilities:	74120.0	78590.0	139790.0	139780.0	145040.0	196980.0	236820.0	144445.7
Shareholder equity:	210310.0	209390.0	216860.0	216790.0	214190.0	223360.0	225050.0	216564.3
Retained Earnings (Accum. Deficit)	215080.0	208620.0	207910.0	206950.0	208330.0	210100.0	211230.0	209745.7
Operating Cash Flow (OCF)	402128.5	385048.2	394993.8	395193.2	393922.1	399216.6	401982.7	396069.6
OCF as % of Revenues	1421.5%	1242.1%	1107.4%	902.9%	878.7%	793.5%	472.9%	974.12%
Balance Sheet Cash Flow (BSCF)	74116.5	78585.6	139784.4	139773.4	145033.3	196969.0	236807.5	144438.5
BSCF as % of Revenues	262.0%	253.5%	391.9%	319.3%	323.5%	391.5%	278.6%	317.19%
Spread between OCF & BSCF	328012.0	306462.6	255209.4	255419.8	248888.8	202249.6	165175.2	251631.1
Ratios								
Spread to Revenues	1159.46%	988.59%	715.47%	583.55%	555.18%	402.01%	194.30%	6.569
Spread to OCF	5.426	4.900	2.826	2.827	2.716	2.027	1.698	3.203
MR Dual Cash-Flow Figure	17.020	14.786	9.980	8.663	8.268	6.047	3.641	9.772

**The Merriam Report**

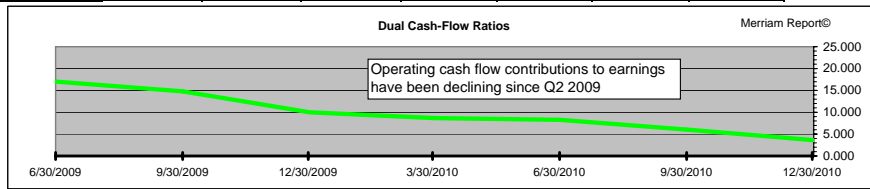
MEMC ELECTRONIC MATERIALS INC WFR

12/31/10

Quarterly period ending:	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
MR Dual Cash-Flow Figure	17.020	14.786	9.980	8.663	8.268	6.047	3.641

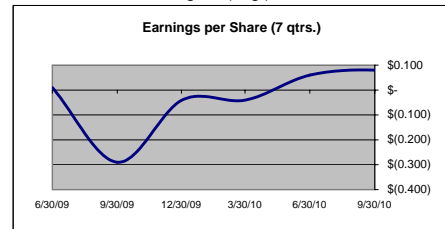
**Merriam Report Signals:**

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

9.772



P/E	15.62	332.6	-43.94	-42.58	-31.87	198.67	71.417
P/S	2.72	3.02	2.62	2.51	1.45	1.55	2.2214
P/FCF	539.1135	-48.8629	-13.8363	-9.8271	-6.128	-11.7905	65.367
PEG	-0.2589	-3.3709	0.3713	0.3574	0.2501	3.9733	0.2204
Earnings Yield	0.064	0.003	-0.0228	-0.0235	-0.0314	0.005	-0.0009
Cash to Total Asse	0.3603	0.3148	0.212	0.1942	0.205	0.1531	0.2399
Debt-to-Assets	0.0096	0.01	0.1168	0.1245	0.1151	0.1305	0.0844

Accrual Ratios  
Average Accruals

6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
-1.30%	1.04%	4.85%	5.12%	-4.05%	5.38%	-0.91%
1.45%						

**Revenue Metrics (as % of Sales)**

- Research & Development
- Cost of Sales
- S/G/A
- Payables

Recent Qtr.
2.24%
85.41%
9.78%
87.70%

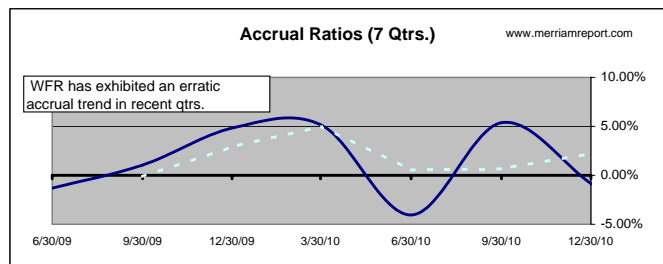
Combined Avg.  
2.71%  
85.78%  
12.84%  
72.44%

**Capital Productivity**

- Inventory / Revenues
- Receivables / Revenues
- Inventory & Receivables / Revenues
- P,P&E / Revenues

Recent Qtr.
\$ 0.532
\$ 0.348
\$ 0.880
\$ 2.681

Combined Avg.  
\$ 0.469  
\$ 0.615  
\$ 1.084  
\$ 3.383



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

0.36% 3.06%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

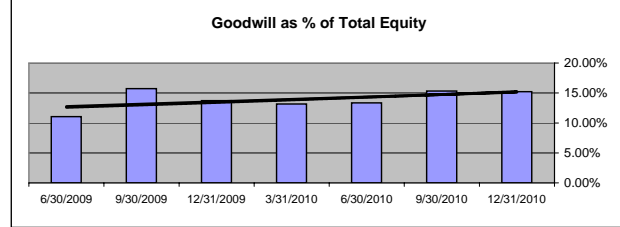
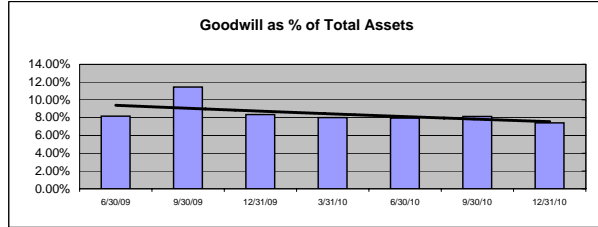
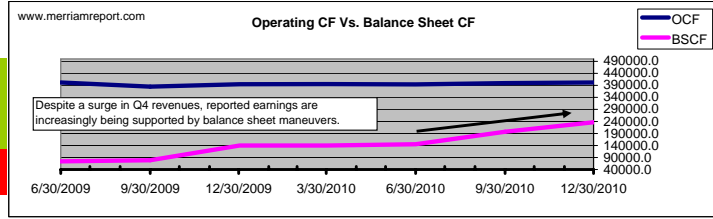
Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

Bearish  
Bullish

	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
OCF	402128.5	385048.2	394993.8	395193.2	393922.1	399218.6	401982.7
BSCF	74116.5	78585.6	139784.4	139773.4	145033.3	196969.0	236807.5

### Comparison of Recent Quarter Changes to Average

EPS	Bullish	
Revenues	Bullish	
Accounts Receivable	Bullish	
Days Sales Outstanding	Bullish	
Inventory	Bearish	
Accounts Payable	Bearish	
Accrual Ratios	Neutral	



	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	AVG.
Goodwill as % of Total Assets	8.17%	11.44%	8.34%	8.00%	7.96%	8.14%	7.42%	8.50%
Goodwill as % of Total Equity	11.06%	15.74%	13.72%	13.16%	13.34%	15.32%	15.23%	13.94%
	1.35	1.38	1.64	1.64	1.68	1.88	2.05	1.64

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	-4
Balance Sheet and Income Statement	-2
Accrual Ratios	-1.1
Revenue Metrics and Capital Productivity	2
Goodwill Trends	-1
<b>Merriam Report Score</b>	<b>-8.1</b>

<b>MEMC ELECTRONIC MATERIALS I</b>	<b>12/31/2010</b>	<b>2/3/2011</b>
<b>Ending Period Share Price</b>	<b>11.26</b>	<b>\$ 13.36</b>
<b>Estimated Fair Value</b>	<b>\$ 12.71</b>	
<b>End Price to Est. FV</b>	<b>2.58%</b>	<b>5.08%</b>

Valuation Semiconductors  
OVERVALUED Technology  
Earnings Quality Semiconductors and Related Devices

Adjustments (Payables)	\$ (0.04)
Adjustments (Receivables)	\$ 0.68
Adjustments (DSO)	\$ 0.72
Adjustments (OCF)	\$ 0.81
Adjustments (BSCF)	\$ 0.19
Adjustments (Inventory)	\$ (0.63)
<b>Total Adjustments</b>	<b>\$ 1.74</b>

B+

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