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## Evergreen Solar Files Bankruptcy

The makers of solar panel cells, Evergreen Solar Inc (ESLR) has filed for Chapter 11 bankruptcy in US Bankruptcy court in Wilmington, Delaware. Chapter 11 bankruptcy (named after the section of the bankruptcy code that deals with such bankruptcies) allows a company to reorganize its debt and pay it off over a scheduled payment plan while continuing their operations. Evergreen Solar also plans to hold an auction to sell itself to raise funds to pay off debts of about \$485.6 million. The auction will see the sale of all of Evergreen's assets including its technology to produce solar panels at a lower cost.

According to Evergreen Chief Executive Officer Michael El-Hillow, holders of more than 70% of the company's convertible senior secured notes are going to act as the initial bidder (or so-called stalking-horse) in the auction El-Hillow went on to explain that the bankruptcy of the company is due to insufficient action on the part of the US government to promote eco-friendly energy and the 'massive over capacity' in the industry in the form of cheaper solar panels made in China. As a result of this, the prices of solar panels fell drastically in 2010 and 2011. Since 2010, Evergreen has been the worst-performing company on the Bloomberg Global Leaders Solar Index.

Moody's Investors Service paints a similar picture in its June 1 Report. It said that solar panel manufacturers were severely affected by increased competition from Chinese products, the cutback on subsidies by European countries and excess capacity. The global production capacity of photovoltaic plants (i.e. solar panel manufacturing plants)

*<http://tampabankruptcy.pro/blog/>*

spiked by 139% to 18.2 gigawatts in 2010. A trustee for the 13% senior notes is authorized to exchange debt for equity at the auction unless a bid of a larger cash offer is received. The amount the company owes on the notes is about \$165 million. Evergreen listed assets of about \$424.5 million and as many as 5,000 creditors.

Evergreen did try to issue new debts in exchange for some of its present notes but were not successful in doing so, and was “ultimately was unable to implement any alternative remedy to its financial condition,” according to court papers.

Evergreen employs about 133 workers and intends to lay off about 65 staff currently working in Europe and the US including those at its plant in Michigan which will be closed down. Another plant in Wuhan, China will remain open as Evergreen holds talks with its Chinese investors.