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## Evergreen Solar Seeks Bankruptcy With Plans to Sell Itself

By Steven Church - Aug 15, 2011

[Evergreen Solar Inc. \(ESLR\)](#), a maker of electricity generating solar panels, filed bankruptcy with plans to sell itself at an auction in order to pay creditors owed \$485.6 million.

Investors who hold more than 70 percent of the company's convertible senior secured notes have agreed to act as the so-called stalking-horse, or initial bidder, in a proposed auction for Evergreen's assets, including new technology to make solar wafers at lower cost, Evergreen Chief Executive Officer Michael El-Hillow said in court papers today.

The company, based in Marlboro, [Massachusetts](#), blamed the bankruptcy on increased competition from government-subsidized solar-panel makers in [China](#) and the failure of the U.S. to adopt clean-energy policies.

Prices for solar panels fell in 2010 and 2011 because of "massive overcapacity" in the industry at a time of lower subsidies, El-Hillow said in court papers.

Since 2010, Evergreen has been the worst-performing company on the Bloomberg Global Leaders Solar Index. Solar-energy equipment makers are being hurt by excess capacity, the cutback of subsidies in [Europe](#) and increased competition from manufacturers in China, Moody's Investors Service said in a June 1 report.

The global production capacity of photovoltaic plants jumped 139 percent to 18.2 gigawatts in 2010, Moody's said.

### Bid for Assets

A trustee for the 13 percent senior notes is authorized to credit-bid for the assets, which means exchanging debt for equity at the auction unless a larger cash offer is received. The company owes about \$165 million on the notes, according to court documents.

Evergreen listed assets of about \$424.5 million and as many as 5,000 creditors in its Chapter 11 petition filed today in U.S. Bankruptcy Court in Wilmington, [Delaware](#). Companies that file Chapter 11 usually plan to cut debt, reorganize and continue operating.

Evergreen tried to exchange some notes for new debt and “ultimately was unable to implement any alternative remedy to its financial condition,” the company said in court papers.

The company will fire about 65 people in Europe and the U.S., including at its plant in Midland, [Michigan](#), which will be closed. A factory in Wuhan, China, built with a \$33 million investment by the local government, will remain open while the company negotiates with its Chinese investors.

Evergreen has about 133 employees.

The case is In re Evergreen Solar Inc. 11-12590, [U.S. Bankruptcy Court](#), District of Delaware (Wilmington).

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