



El Dorado, Nevada, USA (10MW); Sempra Energy

Q1 2009 Earnings Call

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● Forward-Looking Statement



During the course of this call and presentation the company will make projections and other comments that are forward-looking statements within the meaning of the federal securities laws. The forward-looking statements in this call and presentation are based on current information and expectations, are subject to uncertainties and changes in circumstances, and do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially from those statements, including the risks as described in the company's most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this call or presentation or with respect to the announcements described herein.

All financial numbers reported and discussed on today's call and in this presentation are based on U.S. Generally Accepted Accounting Principles.



● Q1 2009 Earnings Call Agenda

- Q2 2009 Investor Conferences/Meetings
- Q1 2009 Performance
- Market / Competitive Environment
- U.S. Utility Business Update
- Q1 2009 Financial Results
- Lieberose Project in Germany
- 2009 Guidance
- Q&A





● Q2 2009 Investor Conferences/Meetings



- Intersolar 2009 in Munich 5/28-5/29
- First Solar Shareholder Meeting in Phoenix 6/4
- Deutsche Alternative Energy Conference in Washington DC 6/11
- 2009 Analyst/Investor Meeting in Las Vegas/Boulder City NV 6/24



● First Solar Q1 2009 Performance Summary



Financial:

- Revenue \$418.2 million
- Net Income \$164.6 million
- Diluted EPS \$1.99

Operations:

- Production 219.5 MW, up 26% Q/Q
- Annualized capacity per line 49.4 MW up 4% Q/Q
- Efficiency 10.9% up .1% Q/Q
- KLM 1 & 2 at full capacity, KLM 3 shipping and ramping, KLM 4 shipping in Q2
- Manufacturing cost \$.93/watt down 5% Q/Q and 18% Y/Y on lower Malaysia costs, improved throughput and efficiency

Market Development:

- 479MW of new volumes in Q1
 - 361MW in Europe in increased contracted module sales
 - 23MW in Canada in increased contracted module sales
 - 95MW in U.S. under EPC/PPA contract



● First Solar Markets



	PV Subsidized Markets	U.S. Utility Markets
Geographic markets	Germany, Italy, France, Spain and Ontario, Canada	California Southwestern U.S.
First Solar offering	Modules	System level solutions
Customer options	Other PV suppliers	Utility scale renewables
First Solar pricing trend	Subsidies and prices decline over time	Prices must reduce to develop market but should stabilize over time



PV Subsidized Markets – Sell-Through Risks



Modules / Components	Project Pipeline	Project Dev/ System Integration	Project Finance	Project Economics
NEEDED				
<ul style="list-style-type: none"> Adequate component and module supplies 	<ul style="list-style-type: none"> Timely project approvals and permitting Strong channel execution 	<ul style="list-style-type: none"> Strong channel execution Adequate channel working capital and other resources 	<ul style="list-style-type: none"> Adequate construction and long-term debt Adequate equity 	<ul style="list-style-type: none"> System/project economics adequately compensate channel System/project costs will reduce in line with subsidy digression and project finance cost increases
RISKS				
<ul style="list-style-type: none"> Oversupply of modules 	<ul style="list-style-type: none"> No issues in Germany (although market visibility still limited) Free field permitting and approval times variable/less visible in other EU markets 	<ul style="list-style-type: none"> 10-15% customer contract default risk 	<ul style="list-style-type: none"> Funding flowing well to German rooftop systems < 1MW Some positive signs for large German projects Limited visibility outside Germany 	<ul style="list-style-type: none"> Modules currently priced to enable sell-through economics



● First Solar Sell-Through Risk Mitigation



Project Development / System Integration Risk

- Mitigate contract default risk by closely monitoring and redeploying modules as needed

Project Financing

- First Solar credit enhancement with customers
 - FSLR invested capital with EPC partner Juwi to secure 80% non-recourse bank debt financing for a 53 MW Lieberose project in Brandenburg Germany to be completed in 2009
- Public sector support



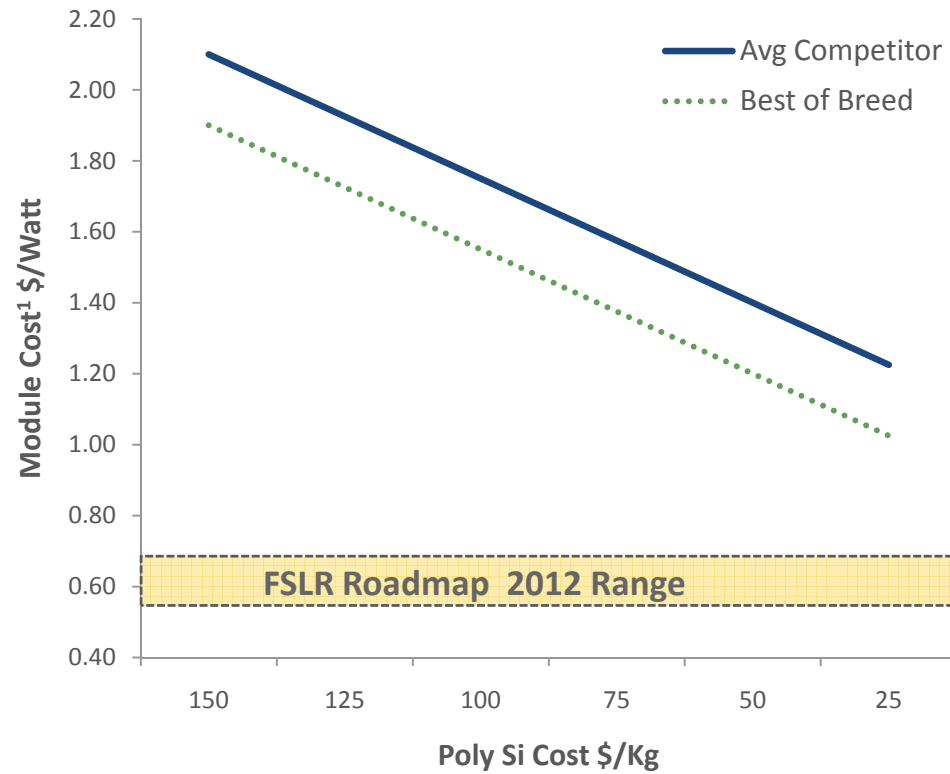
● Supply – Demand Risk



Risks	First Solar Risk Mitigation
Short term: Excess inventories and capacity pressure polysilicon prices independent of cost reduction	<ul style="list-style-type: none">• Long term contracts provide sell through economics• Investors and financiers prefer tier 1 module suppliers with strong balance sheets which provides First Solar advantage• Customer base oriented to long term price/supply certainty consistent with project pipelines
Vertically integrated business models enable polysilicon manufacturers to compete with our customers	<ul style="list-style-type: none">• We believe this will be isolated due to difficulty of integration
Longer term: Polysilicon costs decline and reduce c-Si module manufacturing costs, leading to long term price declines	<ul style="list-style-type: none">• First Solar cost reduction roadmap declines at a faster rate than c-Si



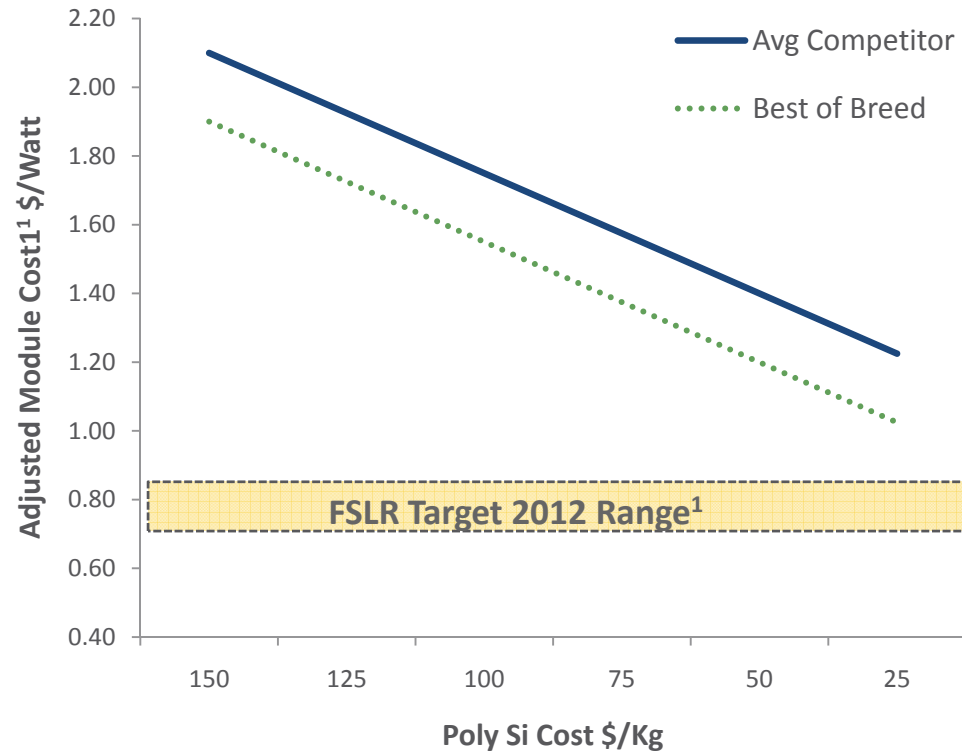
● Sustainable Competitive Cost Advantage



¹ Best of Breed and Average Competitor based on Street solar sector analyst estimates



● Sustainable Competitive Cost Advantage



¹ FSLR adjusted module cost = module cost + added balance of system cost for lower efficiency modules.
Best of Breed and Average Competitor based on Street solar sector analyst estimates

U.S. Utility Market Progress



High Volume Utility Deployment

- Develop OptiSolar pipeline
- EPC large scale IPP/ utility partnerships

Utility Projects

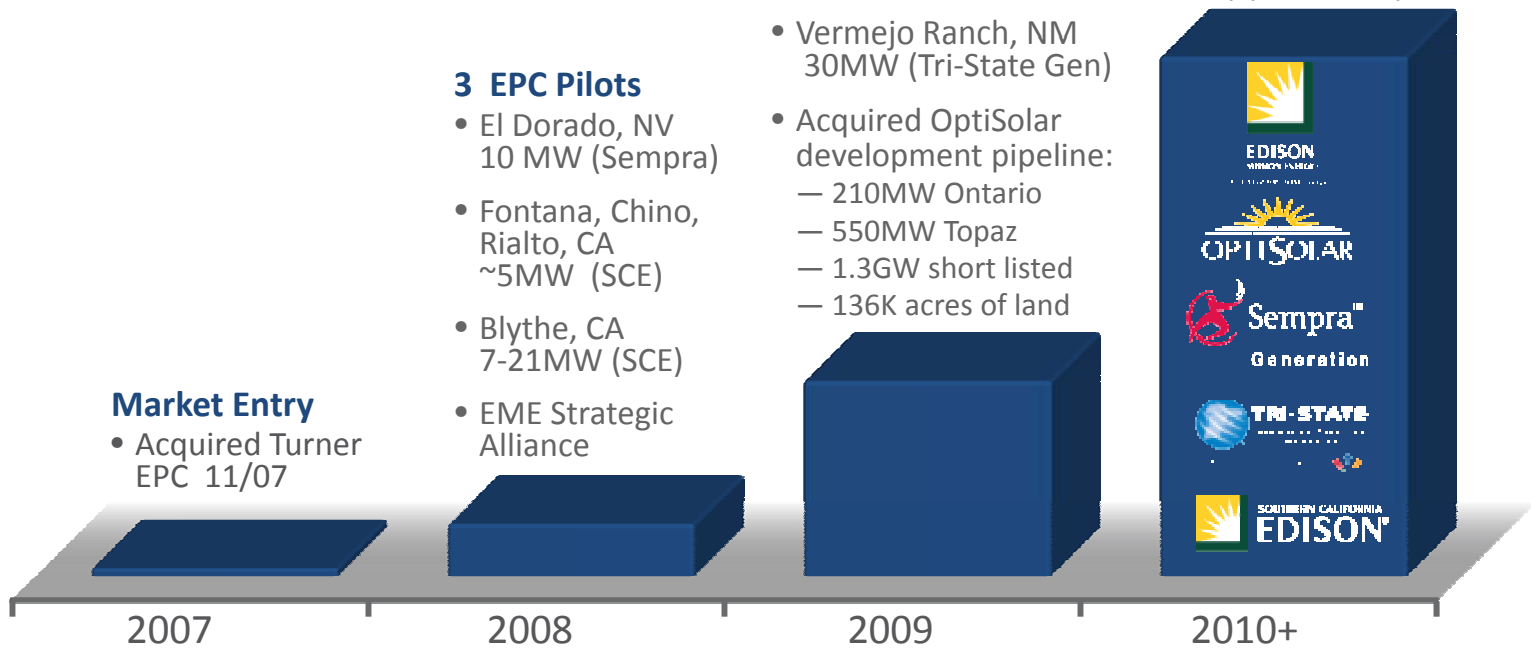
- Expand El Dorado 48MW (Semptra)
- Vermejo Ranch, NM 30MW (Tri-State Gen)
- Acquired OptiSolar development pipeline:
 - 210MW Ontario
 - 550MW Topaz
 - 1.3GW short listed
 - 136K acres of land

3 EPC Pilots

- El Dorado, NV 10 MW (Semptra)
- Fontana, Chino, Rialto, CA ~5MW (SCE)
- Blythe, CA 7-21MW (SCE)
- EME Strategic Alliance

Market Entry

- Acquired Turner EPC 11/07



* Bar height conceptual in relative MW size and not projections

** Projects based on announcements. MW are AC.



● U.S. Utility Market



Key Market Risks:

- Utility pipelines are developing into substantial volumes for 2H 2010 and beyond
- Project financing continues to be difficult; assume it will resolve
- Low natural gas prices may impede new state programs absent additional federal incentives

Key Policy Issues:

- Implementation of grant program and reversion to tax based incentive program in 2011
- Implementation and timing of DOE loan guarantee program
- Energy Bill
 - National RPS or other enhanced incentives
 - Renewable energy transmission
 - Carbon pricing



● Summary



- Continued strong execution across the company
- Improved terms enabled signing of new volumes
- Key areas of risk mitigation
 - Contract default risk
 - Project finance
- Continued cost reductions expected to offset reduced polysilicon module costs and prices
- Penetration into U.S. utility market continuing on plan



Net Sales

Q109 ACT vs. Q408 ACT



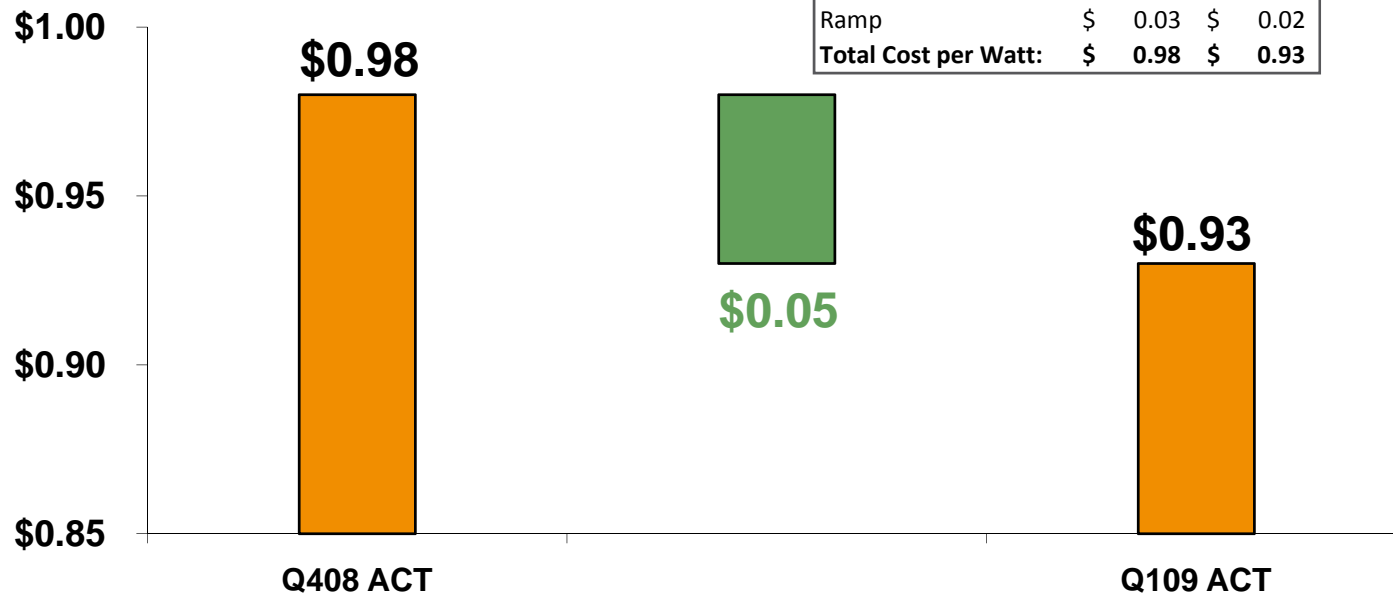
Net sales down \$15.5M or 3.6% quarter over quarter:

- Price declines and mix
- Blended Fx decline from \$1.41 to \$1.39 / Euro
- + Increased shipping volumes from Malaysian plants 2 and 3
- + Line throughput increased from 47.7MW to 49.4MW



Cost per Watt Produced

Q109 ACT vs. Q408 ACT



	Q408	Q109
Core Cost per Watt:	\$ 0.93	\$ 0.90
SBC	\$ 0.02	\$ 0.01
Ramp	\$ 0.03	\$ 0.02
Total Cost per Watt:	\$ 0.98	\$ 0.93



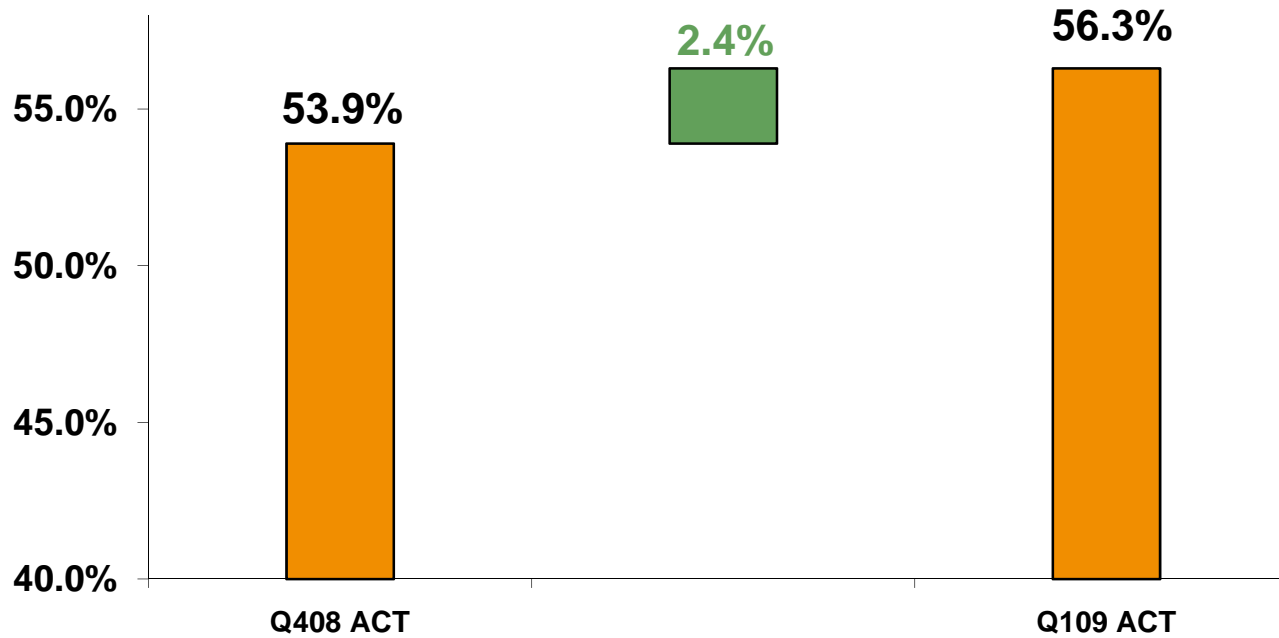
Cost per watt produced declined 5.1% quarter over quarter:

- + Higher production contribution from low cost locations
- + Increased line throughput to 49.4 MW
- + Reduction in material cost



Gross Margin

Q109 ACT vs. Q408 ACT



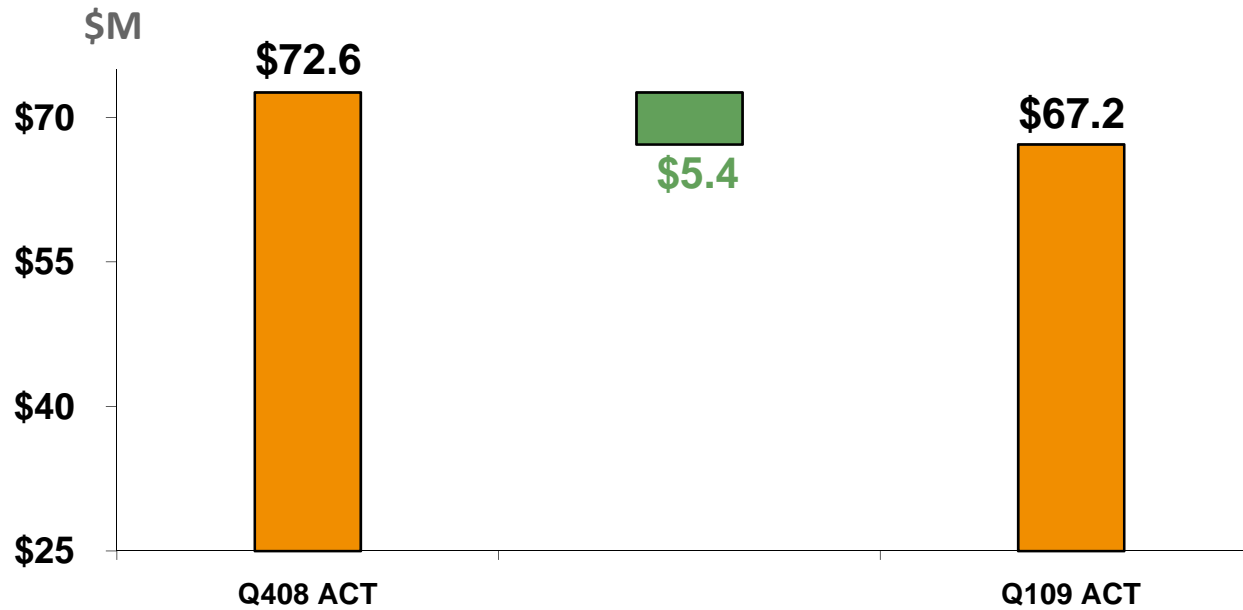
Gross margin improved 240 basis points quarter over quarter:

- + Reduced manufacturing costs
- + Customer mix
- Partially offset by FX and ASP declines



Operating Expenses

Q109 ACT vs. Q408 ACT



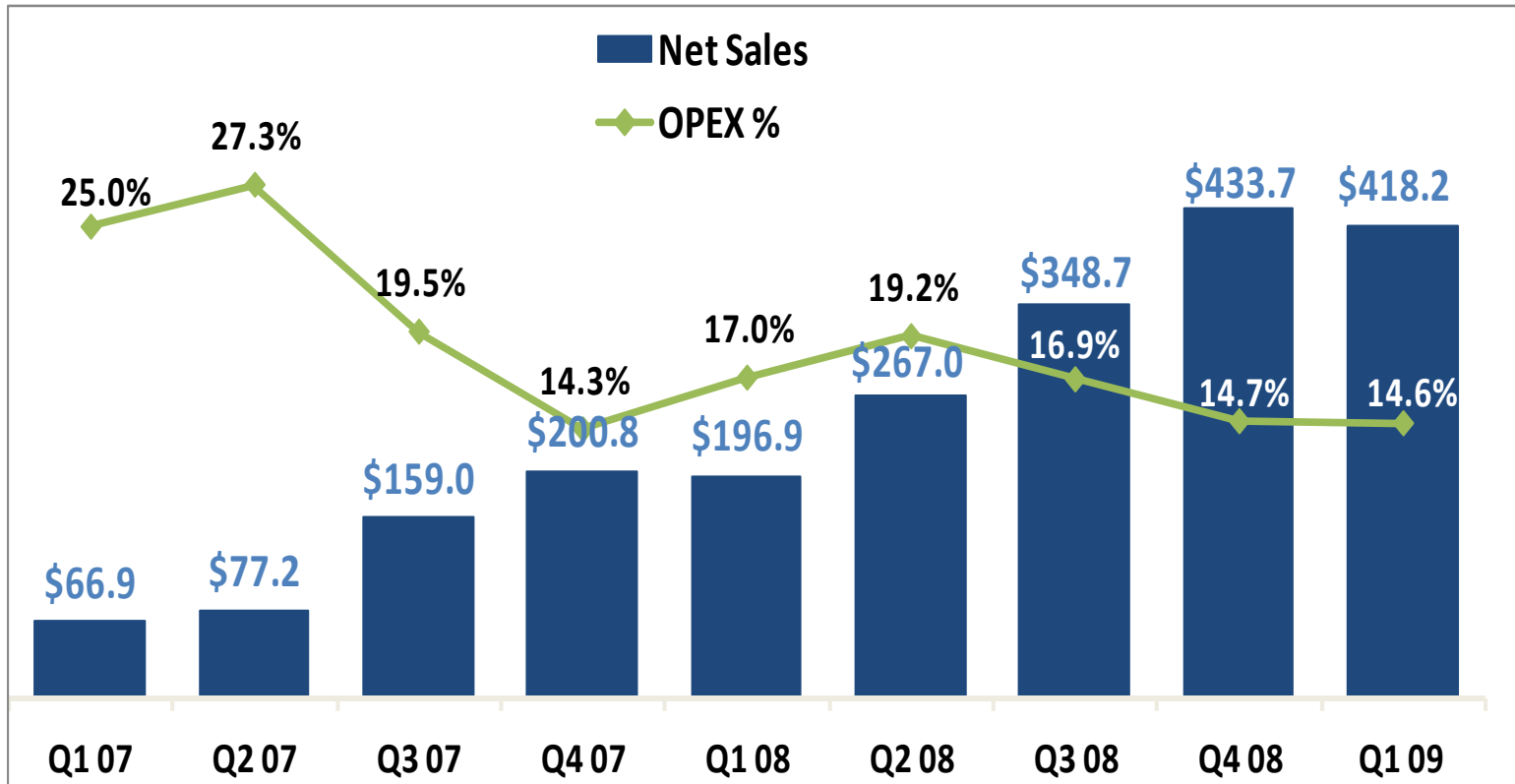
Operating expenses are down \$5.4M quarter over quarter:

- + Reduced variable compensation expenses
- + Reduced plant start up cost
- Partially offset by one time acquisition costs



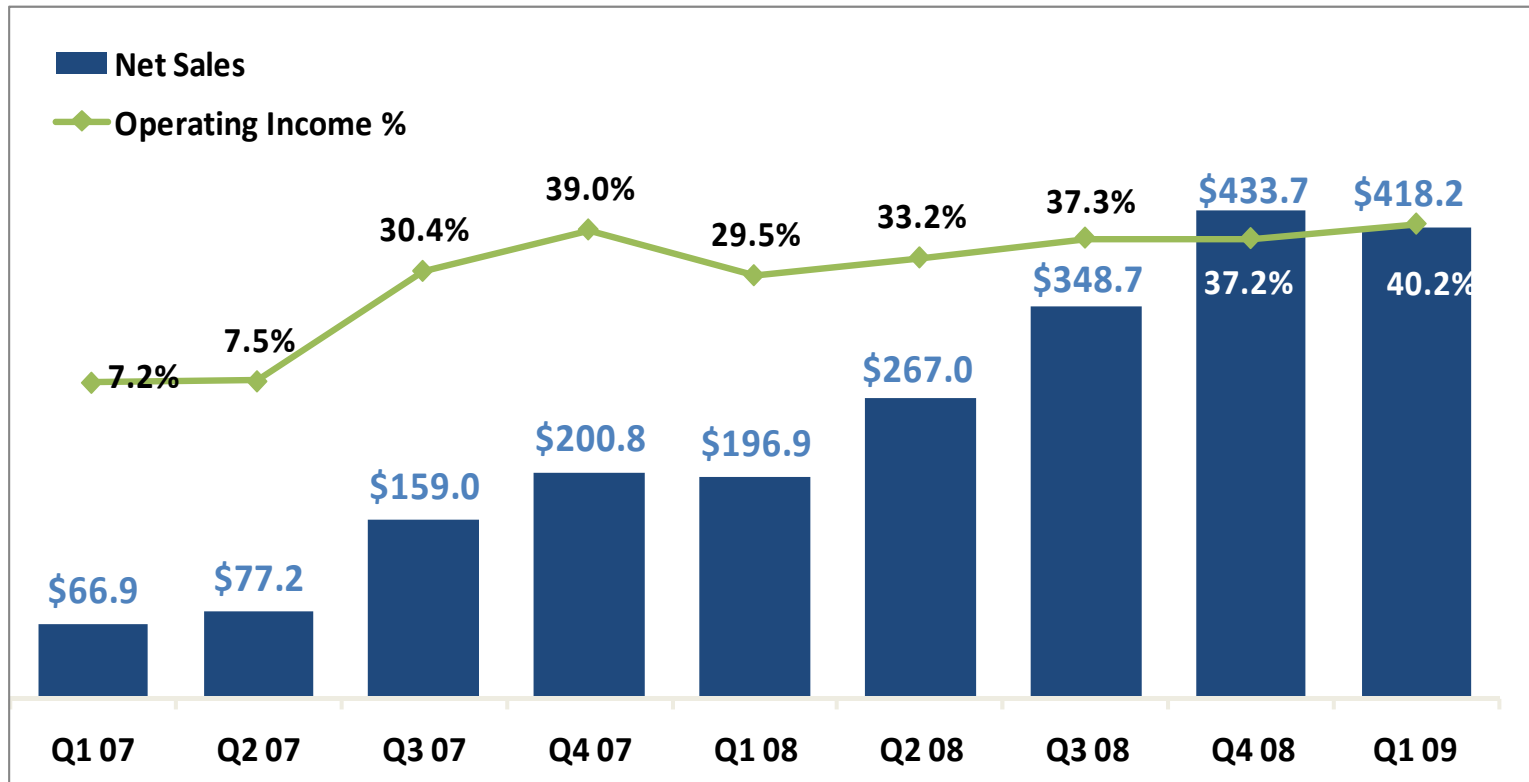
Net Sales and Operating Expense Trends

(excluding production start-up costs)

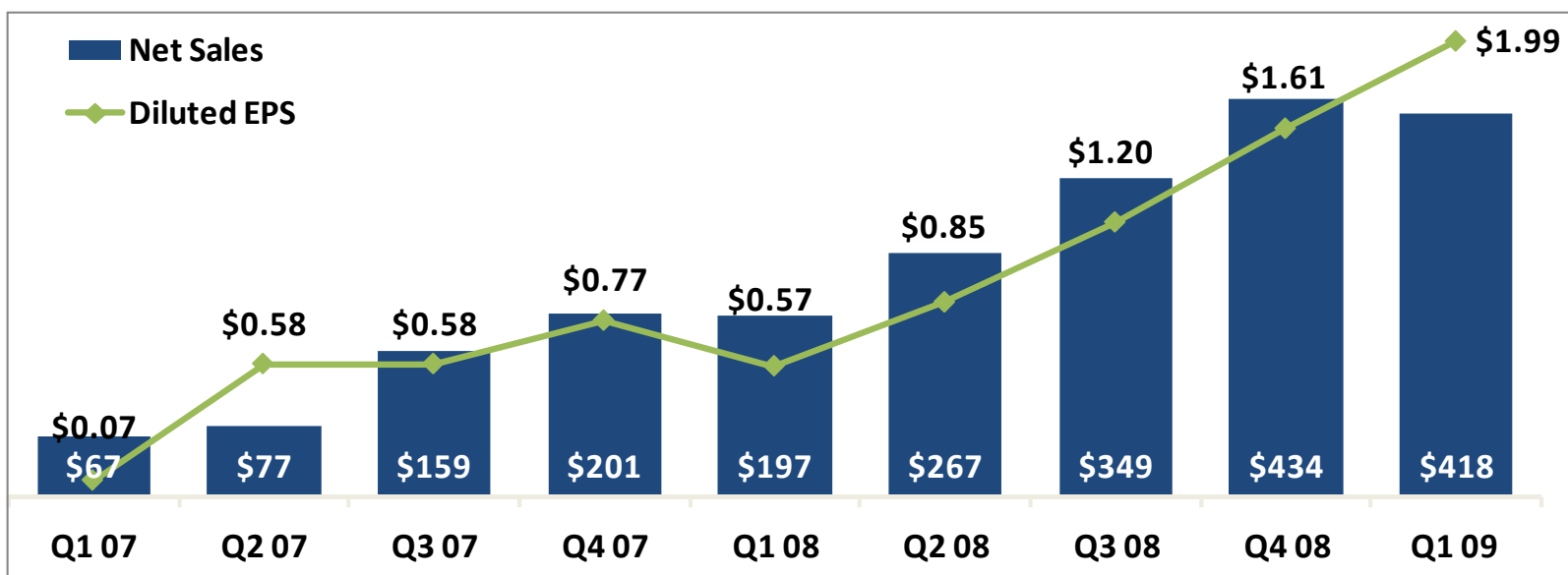




● Net Sales and Operating Income Trends



Net Sales and EPS Trends



● Tax and Other Income and Expense

(\$ million)	<u>Q408</u>	<u>Q109</u>	<u>Delta</u>
FAS 52 FX Re measurement Gain/(Loss) (1)	6.8	0.8	(5.9)
Net interest income/(expense)	3.8	1.2	(2.7)
One-time tax benefit	0.0	11.5	11.5
Total	10.6	13.5	2.9
EPS impact (2)	\$.10	\$.16	\$ 0.06

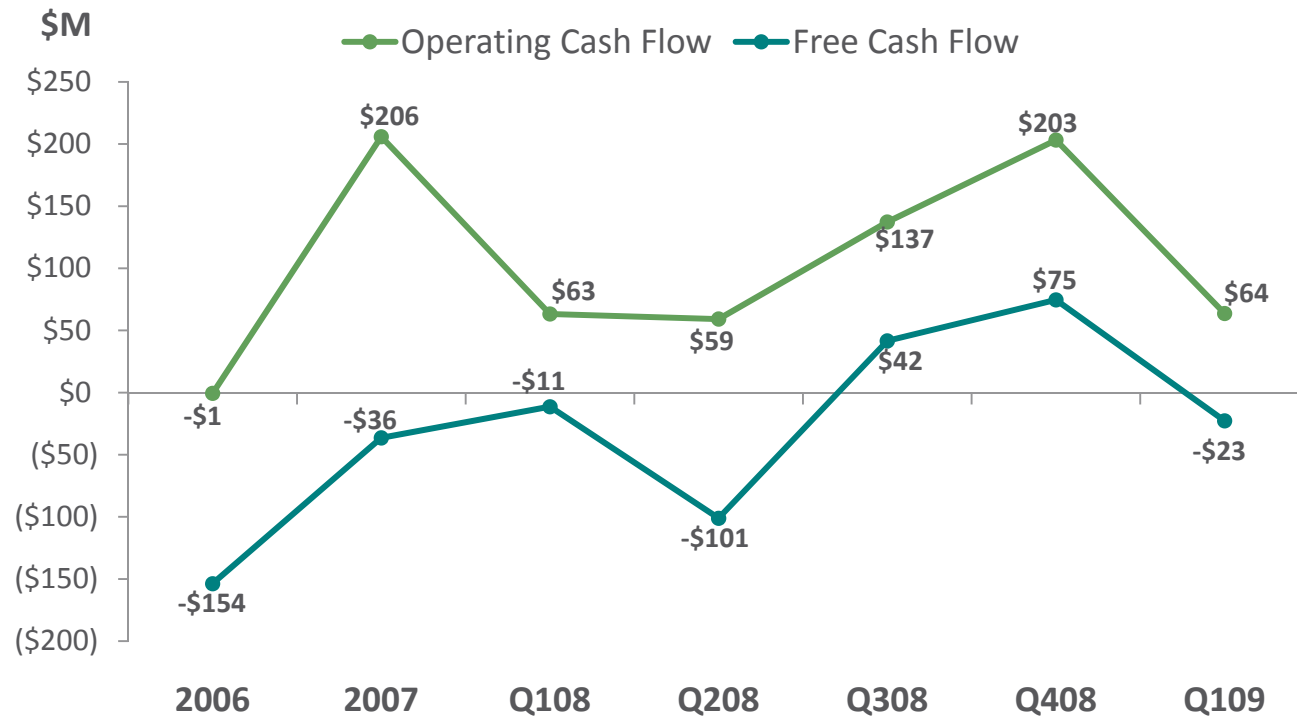
- Non recurring Q4'08 Fx / Hedge gains
- Reduced capitalized interest expense and increased debt
- + Offset by one time Malaysian tax benefit

(1) Re-measurement of non functional currency transactions to functional currency offset by balance sheet exposure hedges. Includes gain/ (loss) recognized for Credit Default Swap (CDS).

(2) EPS is tax effected



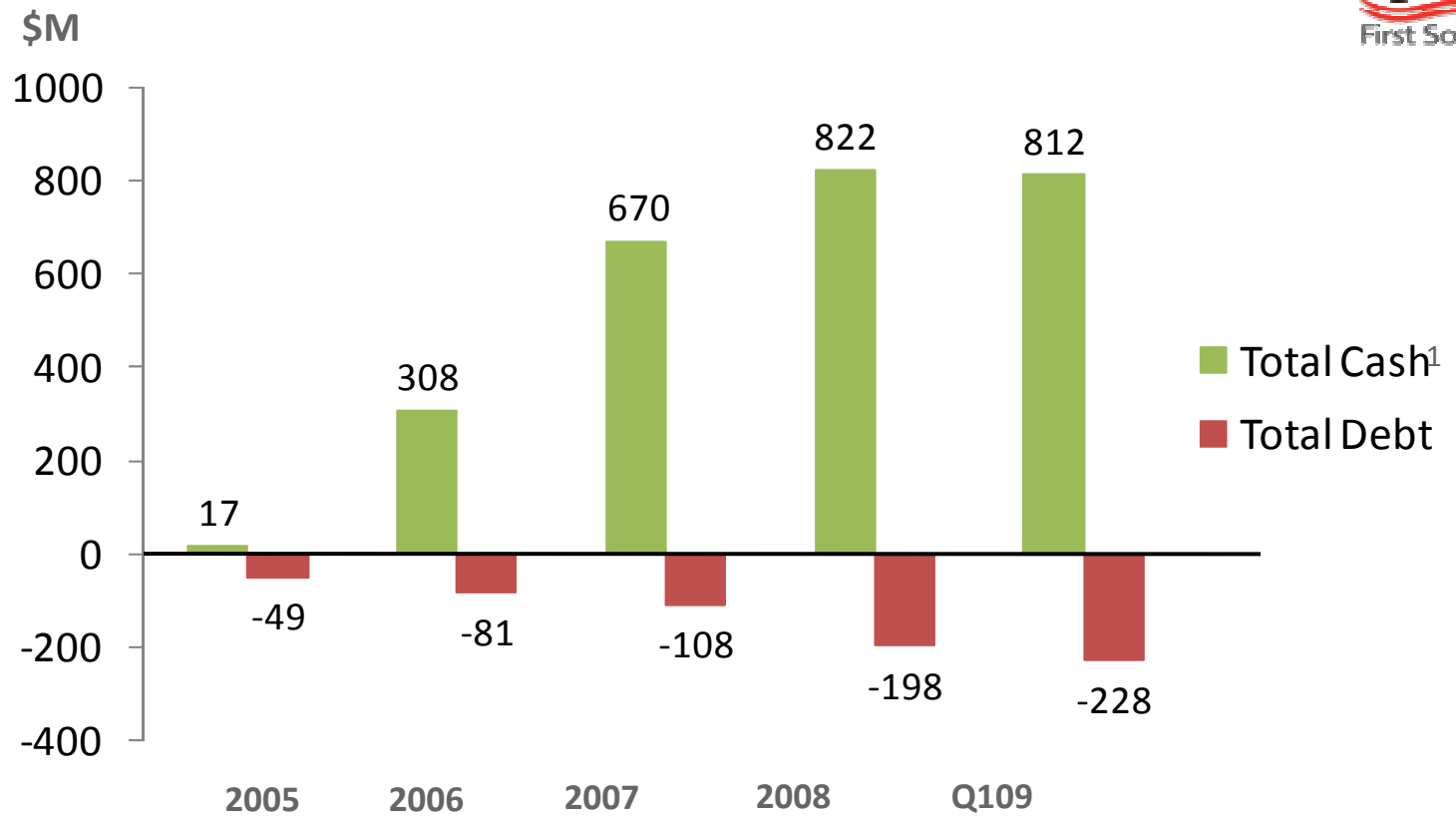
● Operating and Free Cash Flow¹



¹ Free Cash Flow is a non-GAAP measure ; see “Key Quarterly Financial Data” for reconciliation to Operating Cash Flow



● Balance Sheet



¹ Total Cash includes all other marketable securities, Total Debt includes short-term debt, short-term portion of LT debt, notes payables to related parties.



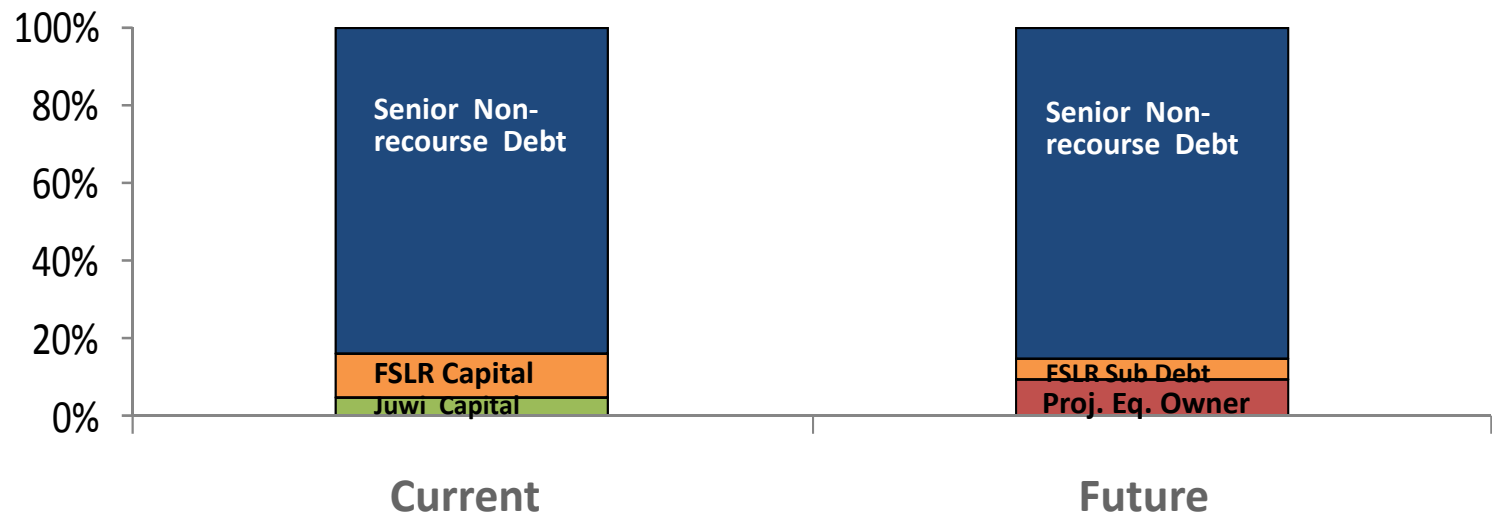
● Lieberose Project Financing Description



- In Q4 earnings guidance, deferred \$200 M revenue for FSLR financed projects
- ~53 MW PV power plant project in Brandenburg Germany being built on former Soviet military practice field whose contamination clean-up was enabled by the project. First 15MW completed and remaining 38MW are scheduled to be completed by the end of 2009
- FSLR invested in project with Juwi to secure financing during credit crisis and build in 2009
- Initial project financing complete with more than 80% non-recourse debt secured and Juwi and First Solar capital financing the balance
- Attractive project IRR above 20% based on module production cost
- Q1 Revenue deferral of \$26.6 million



● German Project Finance Capital Structure





● 2009 Financial Guidance Assumptions, Opportunities and Risks



Key Assumptions:

- 2009 blended Euro exchange rate \$1.28/Euro
 - 50% of remaining expected 2009 sales hedged at an average rate of \$1.35/Euro
 - Natural hedge brings Net Income hedge rate to 59%, (Q2 and 2H at 83% and 47% hedged)
 - Unhedged average exchange rate remains at \$1.15/Euro
 - Remainder 2009, a \$.01 Euro fluctuation impacts revenues ~ \$5 M and operating income ~\$4 M
- Reflects new pricing, contract terms and volume commitments
- OptiSolar pending purchase accounting completion, deal closed, dilutive effect 3.5%, current guidance incorporates financial impact
- Continued \$200 M revenue deferral for co-financed projects



● 2009 Financial Guidance Assumptions, Opportunities and Risks



Opportunities and Risks identified but not in guidance:

- Potential customer contract default risk remains at 10-15%
 - Financial stability
 - Access to project financing
 - Some sell through risk due to additional poly price changes
- + Potential to recognize deferred revenue on project investments



● Maintaining 2009 Guidance ¹



	Q4 Earnings	Opti Update	Q1 Update ¹
Revenue	\$1.8 – \$1.9 B	\$1.9 – \$2.0 B	\$1.9 – \$2.0 B
Start up Expense	\$13-14 M	\$13-14 M	\$12-13 M
Stock Based Compensation	\$75-80 M	\$75-80 M	\$75-80 M
Operating Margin	33-34%	31-33%	31-33%
Annual Tax Rate	9-11%	9-11%	9-11%
Share Count (Year End)	84 M	87-88 M	86-87 M
Capex	\$270-300 M	\$270-300 M	\$270-300 M

¹ Includes impact of OptiSolar acquisition completed 4/3/2009



● Q&A

- Michael J. Ahearn, Chairman and CEO
- Bruce Sohn, President
- Jens Meyerhoff, CFO



Key Quarterly Financial Data



Key Quarterly Financial Data

(\$ in millions, except gross profit and net income per share data)
(Unaudited)

	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q1'09 Y/Y	Q1'09 Q/Q
Net sales	\$ 196.9	\$ 267.0	\$ 348.7	\$ 433.7	\$ 418.2	112%	-4%
Gross profit %	53.0%	54.2%	56.1%	53.9%	56.3%	3%	2%
Research and development	4.8	7.7	10.0	11.0	11.7	144%	7%
Selling, general and administrative	28.7	43.6	49.0	52.7	49.3	72%	-7%
Production start-up	12.8	4.6	6.3	8.8	6.2	-52%	-29%
Operating income	58.1	88.7	130.2	161.3	168.1	189%	4%
Income tax expense	18.6	24.2	33.8	38.8	5.1	-73%	-87%
Net income	\$ 46.6	\$ 69.7	\$ 99.3	\$ 132.8	\$ 164.6	253%	24%
Share count - Diluted	81.6	82.0	82.4	82.5	82.6	1%	0%
Net income per share - Diluted	\$ 0.57	\$ 0.85	\$ 1.20	\$ 1.61	\$ 1.99	249%	24%
RONA (1)	16.8%	17.0%	19.6%	22.4%	27.4%	65%	22%
Stock-based compensation expense	10.9	15.5	17.3	15.2	15.2	39%	0%
Capital expenditures (cash basis)	74.6	160.3	95.7	128.7	86.4	16%	-33%
Cash and marketable securities	\$ 709.0	\$ 661.2	\$ 729.4	\$ 821.8	\$ 811.6	14%	-1%

See also Notes to our Consolidated Financial Statements

Supplemental Data

(Unaudited)

Average foreign spot exchange rate (€/USD)	1.50	1.56	1.51	1.32	1.31	-13%	-1%
Free cash flow	(11.3)	(101.1)	41.6	74.6	(22.7)	101%	-130%
+ Purchases of property, plant and equipment	74.6	160.3	95.7	128.7	86.4		
= Net cash provided by operating activities	63.3	59.2	137.3	203.3	63.7		
MW Produced	79.4	114.1	136.5	173.6	219.5	177%	26%
Line run rate	45.0	48.0	49.3	47.7	49.4	10%	4%
Conversion efficiency	10.6%	10.7%	10.7%	10.8%	10.9%	0.3%	0.1%
Core cost per watt produced	\$ 1.12	\$ 1.09	\$ 1.01	\$ 0.93	\$ 0.90	-20%	-3%
Stock-based payment cost per watt (manufacturing) (2)	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.02	\$ 0.01	-50%	-50%
Ramp penalty (cost per watt) (3)	\$ -	\$ 0.06	\$ 0.04	\$ 0.03	\$ 0.02	0%	-33%
Total cost per watt produced	\$ 1.14	\$ 1.18	\$ 1.08	\$ 0.98	\$ 0.93	-18%	-5%

(1) RONA = 4 quarter rolling NOPAT / 4 quarter rolling NET ASSETS (where NET ASSETS = Assets - Non interest bearing liabilities)

(2) Represents stock-based payment costs associated with factory labor.

(3) Ramp penalty start-up costs consist primarily of fixed production labor and overhead spending associated with production below normal capacity utilization in a new production facility.