August 1, 2012

# First Solar, Inc. Announces Second Quarter 2012 Financial Results

**Net sales of $957 million**
**GAAP EPS of $1.27 per fully diluted share including charges of $0.39 per share**
**Raises 2012 EPS guidance to $4.20 to $4.70 per share**

TEMPE, Ariz.--(BUSINESS WIRE)-- First Solar, Inc. (Nasdaq: FSLR) today announced financial results for the second quarter of 2012. Net sales were $957 million in the quarter, an increase of $460 million from the first quarter of 2012 and $425 million from the second quarter of 2011. The increases were primarily due to an increase in the number and size of projects under construction meeting revenue recognition criteria during the quarter, including Antelope Valley Solar Ranch 1 in California and Silver State North in Nevada.

The Company reported second quarter net income of $1.27 per fully diluted share, compared to a net loss of $5.20 per fully diluted share in the first quarter of 2012 and net income of $0.70 per fully diluted share in the second quarter of 2011. The second quarter of 2012 was impacted by pre-tax charges of $36 million (reducing EPS by $0.39), relating to restructuring and certain costs in excess of normal warranty.

Cash and Marketable Securities at the end of the second quarter were $744 million, down from $750 million at the end of the first quarter of 2012.

Based on reductions in First Solar's ongoing cost structure primarily related to our restructuring initiatives, the Company is increasing 2012 guidance as follows:

- Net Sales of $3.6 - $3.9 billion, compared to prior guidance of $3.5 - $3.8 billion.
- Earnings per fully diluted share to $4.20-$4.70, compared to prior guidance of $4.00-$4.50, in each case excluding restructuring and impairment charges, and certain costs in excess of normal warranty expense.

"Despite market uncertainties, First Solar delivered strong performance in the quarter," said Jim Hughes, CEO. "Looking forward, we are confident we have the right long-term strategy and the right platform to enable long-term growth and value creation. We believe that by executing our strategic roadmaps and completing our restructuring program we can achieve our targets of 2.6 to 3.0 GW of sales in sustainable markets, earning a return on invested capital of 13 to 17 percent by 2016."

For a reconciliation of non-GAAP measures to measures presented in accordance with generally accepted accounting principles in the U.S. ("GAAP"), see the tables below.

First Solar has scheduled a conference call today, August 1, 2012 at 4 30 p.m. EDT to discuss this announcement. Investors may access a live webcast of this conference call by visiting http://investor.firstsolar.com/events.cfm.

An audio replay of the conference call will also be available approximately two hours after the conclusion of the call. The audio replay will remain available until Wednesday, August 8, 2012 at midnight EDT and can be accessed by dialing 888-203-1112 if you are calling from within the United States or +1-719-457-0820 if you are calling from outside the United States and entering the replay pass code 606422. A replay of the webcast will be available on the Investors section of the company's web site approximately two hours after the conclusion of the call and remain available for approximately 90 calendar days.

**About First Solar, Inc.**

First Solar is a leading global provider of comprehensive photovoltaic (PV) solar systems which use its advanced thin-film modules. The company's integrated power plant solutions deliver an economically attractive alternative to fossil-fuel electricity generation today. From raw material sourcing through end-of-life module collection and recycling, First Solar's renewable energy systems protect and enhance the environment. For more information about First Solar, please visit www.firstsolar.com.

**For First Solar Investors**

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially, including risks associated with the company's business involving the company's products, their development and distribution, economic and competitive factors and the company's key strategic relationships and other risks detailed in the company's filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

**FIRST SOLAR, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share data)**
**(Unaudited)**

| ASSETS | June 30, 2012 | December 31, 2011 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 630,240 | $ 605,619 |
| Marketable securities | 113,453 | 66,146 |
| Accounts receivable trade, net | 143,670 | 310,568 |
| Accounts receivable, unbilled | 436,170 | 533,399 |
| Inventories | 580,737 | 475,867 |
| Balance of systems parts | 152,658 | 53,784 |
| Deferred project costs | 189,721 | 197,702 |
| Deferred tax assets, net | 31,386 | 41,144 |
| Assets held for sale | 49,521 | — |
| Prepaid expenses and other current assets | 136,868 | 329,032 |
| Total current assets | 2,464,424 | 2,613,261 |
| Property, plant and equipment, net | 1,567,367 | 1,815,958 |
| Project assets | 160,239 | 374,881 |
| Deferred project costs | 259,996 | 122,688 |
| Note receivable, affiliate | 21,373 | — |
| Deferred tax assets, net | 341,012 | 340,274 |
| Marketable securities | — | 116,192 |
| Restricted cash and investments | 267,411 | 200,550 |
| Goodwill | 65,444 | 65,444 |
| Inventories | 137,939 | 60,751 |
| Other assets | 202,129 | 67,615 |
| Total assets | $5,487,334 | $ 5,777,614 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 194,554 | $ 176,448 |
| Income taxes payable | 9,175 | 9,541 |
| Accrued expenses | 476,817 | 406,659 |
| Current portion of long-term debt | 47,768 | 44,505 |
| Deferred revenue | 195,418 | 41,925 |
| Other current liabilities | 38,533 | 294,646 |
| Total current liabilities | 962,265 | 973,724 |
| Accrued solar module collection and recycling liability | 185,324 | 167,378 |
| Long-term debt | 471,083 | 619,143 |
| Other liabilities | 507,223 | 373,506 |
| Total liabilities | 2,125,895 | 2,133,751 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, $0.001 par value per share; 500,000,000 shares authorized; 86,961,313 and 86,467,873 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively | 87 | 86 |
| Additional paid-in capital | 2,079,191 | 2,022,743 |
| Accumulated earnings | 1,287,638 | 1,626,071 |
| Accumulated other comprehensive loss | (5,477) | (5,037) |
| Total stockholders' equity | 3,361,439 | 3,643,863 |
| Total liabilities and stockholders' equity | $5,487,334 | $ 5,777,614 |

**FIRST SOLAR, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share amounts)**
**(Unaudited)**

| | Three Months Ended | Six Months Ended |
|---|---|---|

| | June 30, 2012 | June 30, 2011 | June 30, 2012 | June 30, 2011 |
|---|---|---|---|---|
| Net sales | $957,332 | $532,774 | $1,454,387 | $1,100,067 |
| Cost of sales | 713,591 | 337,976 | 1,133,901 | 645,604 |
| Gross profit | 243,741 | 194,798 | 320,486 | 454,463 |
| Operating expenses: | | | | |
| Research and development | 32,365 | 33,102 | 68,449 | 64,453 |
| Selling, general and administrative | 52,184 | 86,872 | 144,004 | 173,872 |
| Production start-up | 533 | 10,294 | 4,591 | 22,225 |
| Restructuring | 19,000 | — | 420,065 | — |
| Total operating expenses | 104,082 | 130,268 | 637,109 | 260,550 |
| Operating income (loss) | 139,659 | 64,530 | (316,623) | 193,913 |
| Foreign currency gain | 1,015 | 1,659 | 31 | 2,609 |
| Interest income | 3,379 | 3,417 | 6,290 | 6,440 |
| Interest expense, net | (7,372) | — | (8,292) | — |
| Other income (expense), net | (1,334) | 2,351 | (2,545) | 2,002 |
| Income (loss) before income taxes | 135,347 | 71,957 | (321,139) | 204,964 |
| Income tax expense | 24,364 | 10,819 | 17,294 | 27,858 |
| Net income (loss) | $110,983 | $ 61,138 | $ (338,433) | $ 177,106 |
| Net income (loss) per share: | | | | |
| Basic | $ 1.28 | $ 0.71 | $ (3.90) | $ 2.07 |
| Diluted | $ 1.27 | $ 0.70 | $ (3.90) | $ 2.03 |
| Weighted-average number of shares used in per share calculations: | | | | |
| Basic | 86,855 | 86,164 | 86,681 | 85,746 |
| Diluted | 87,653 | 87,126 | 86,681 | 87,092 |

**Non-GAAP Financial Measures**

The non-GAAP financial measures included in the tables below are non-GAAP net income and non-GAAP net income per share, which adjust for the following items: Cost in Excess of Normal Warranty Expense, and Restructuring. We believe the presentation of these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management uses these non-GAAP financial measures in assessing the Company's performance to prior periods and investors benefit from an understanding of these non-GAAP financial measures. The use of non-GAAP financial measures has limitations and you should not consider these performance measures in isolation from or as an alternative to measures presented in accordance with GAAP such as net income and net income per share.

*Cost in Excess of Normal Warranty Expense:* Included in our GAAP presentation of cost of sales, cost in excess of normal warranty expense reflects estimated costs related to our remediation of a manufacturing excursion that occurred between June 2008 and June 2009. We exclude this expense from our non-GAAP measures because we do not believe they reflect expected long-term future costs.

*Restructuring:* Included in our GAAP presentation of operating expenses, restructuring costs represent asset impairment and related costs and severance and termination related costs primarily due to a series of restructuring initiatives intended to align the organization with our long-term strategic plan including expected sustainable market opportunities and to reduce costs. We exclude restructuring from our non-GAAP measures because the asset impairment portion of the charges does not reflect our cash position or our cash flows from operating activities, and the restructuring charges overall do not reflect future operating expenses, are not indicative of our core operating performance, and are not meaningful in comparing to our past operating performance.

**Three Months Ended June 30, 2012 (In thousands except per share data)**

| | GAAP | Cost in Excess of Normal Warranty Expense | Restructuring | Non-GAAP |
|---|---|---|---|---|
| Net income before income taxes | $ 135,347 | $ 12,511 (1) | $ 23,684 (2) | $ 171,542 |
| Income tax expense | 24,364 | 376 (3) | 1,931 (3) | 26,671 |
| Net income | $ 110,983 | $ 12,135 | $ 21,753 | $ 144,871 |
| Net income per fully diluted share | $ 1.27 | $ 0.14 | $ 0.25 | $ 1.65 |
| Weighted-average shares outstanding | 87,653 | 87,653 | 87,653 | 87,653 |

(1) Balance includes $12.5 million related to estimated expenses associated with certain remediation efforts related to the manufacturing excursion that occurred between June 2008 and June 2009.

(2) Balance includes $19.0 million of restructuring expense and $4.7 million of costs associated with the repayment of debt for our German manufacturing center.

(3) Amounts adjust the provision for income taxes to reflect the effect of the non-GAAP adjustments on non-GAAP net income.

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