

March 12, 2010

United States of America
First Solar Inc. (FSLR - US\$ 113.69) 2-Equal Weight
Technology

Company Update

Clean Technology
Ontario GM Likely Better Than Expected

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Investment Conclusion

Checks suggest that Enbridge and other potential systems project buyers may be looking at almost \$5/W ASP for Ontario solar projects under the RESOP program, which could potentially result in nearly 70% margins for FSLR modules sold to the captive Ontario pipeline. Current guidance calls for \$600-\$800 million of systems revenues in 2010. We believe sufficient flexibility exists for FSLR to allocate modules to ~130MW of additional Ontario projects at significantly higher margins, depending on the development of German market conditions in 2H10. Maintain 2-EW.

Summary

- Enbridge 60MW AC(72MW DC) project estimated to cost C\$300 million. Assuming slightly higher BoS costs in Canada (\$1.40/W) vs. US, \$24 million project development costs, \$0.84/W module costs, 6.5% EPC margins, we estimate module margins to captive business ~70%.
- FSLR has nearly 112MW Ontario projects that have not yet started construction. In a scenario where 2H10 market demand is weaker than expected, FSLR could deploy ~130MW worth of projects (representing 30% of 2H10 shipments) at ~75% margins (assuming costs continue to decline). Summary bullets contd. below.

Stock Rating
Target Price

New: 2-Equal Weight	New: US\$ 100.00
Old: 2-Equal Weight	Old: US\$ 100.00

Sector View: 2-Neutral
EPS (US\$) (FY Dec)

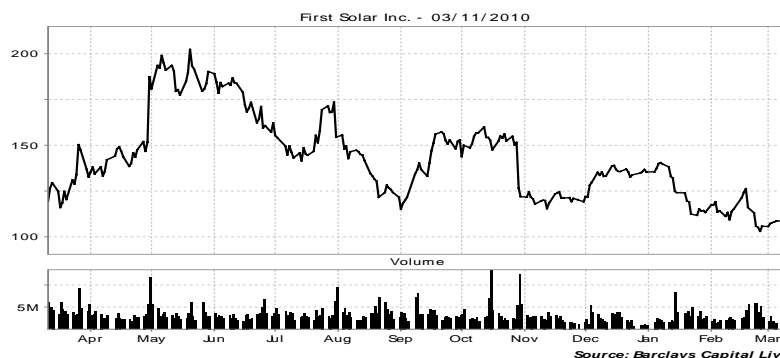
	2009		2010		2011		% Change		
	Actual	Old	New	St. Est.	Old	New	St. Est.	2010	2011
1Q	1.99A	1.76E	1.76E	1.66E	1.37E	1.37E	1.42E	-12%	-22%
2Q	2.11A	1.48E	1.48E	1.22E	1.72E	1.72E	1.62E	-30%	16%
3Q	1.79A	1.38E	1.38E	1.42E	1.77E	1.77E	1.92E	-23%	28%
4Q	1.65A	1.38E	1.38E	1.78E	1.93E	1.93E	2.22E	-16%	40%
Year	7.53A	6.00E	6.00E	6.09E	6.80E	6.80E	7.34E	-20%	13%
P/E			18.9			16.7			

Market Data

Market Cap (Mil.)	9690
Dividend Yield	N/A
52 Week Range	207.51 - 98.71

Financial Summary

Revenue TTM (Mil.)	2089.1
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Stock Overview


- Negative EPS impact of lower than anticipated pricing/volumes in competitive markets (Germany, rest of Europe) could be potentially offset by positive EPS impact from Ontario projects.
- European captive business also represents 50-100MW opportunity in 2010, with margins somewhere between US and Canada.
- Development of financing for Topaz, Sunlight projects, potential European contract announcements likely next potential catalysts.

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Company Description:

First Solar designs and manufactures one of the lowest cost solar modules using a proprietary thin film semiconductor technology.

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First Solar Inc. (FSLR)

US\$ 113.69 (11-Mar-2010)

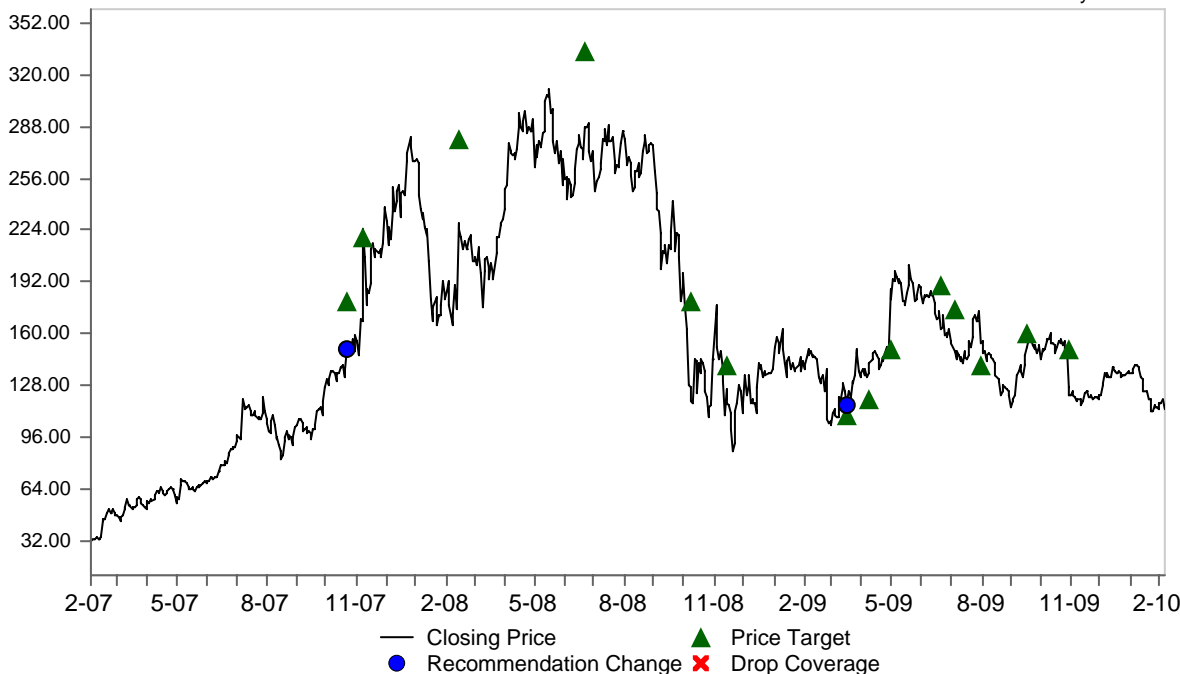
2-Equal Weight / 2-Neutral

Rating and Price Target Chart:

FIRST SOLAR INC.

As of 04-Feb-2010

Currency = USD



Source: FactSet

Currency=US\$

Date	Closing Price	Rating	Price Target
29-Oct-09	126.47		150.00
17-Sep-09	151.08		160.00
31-Jul-09	154.39		140.00
06-Jul-09	149.60		175.00
22-Jun-09	162.30		190.00
30-Apr-09	187.29		150.00
08-Apr-09	135.69		120.00
17-Mar-09	115.96		110.00

Date	Closing Price	Rating	Price Target
17-Mar-09	115.96	2 -Equal weight	
13-Nov-08	125.31		140.00
09-Oct-08	118.10		180.00
23-Jun-08	288.00		335.00
13-Feb-08	228.46		280.00
08-Nov-07	224.43		220.00
23-Oct-07	150.16		180.00
23-Oct-07	150.16	1 -Overweight	

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Valuation Methodology: Our price target is \$100, or 17x 2011 EPS of \$6.80, discounted by 15%.

Risks Which May Impede the Achievement of the Price Target: 1) First Solar is highly leveraged to demand trends in German and Spanish markets. Although we believe a significant portion of revenue is already secured in the form of long-term contracts, a substantial portion of unsecured revenue could be impacted by any potential changes in the government incentives in these regions. We generally remain bullish on First Solar's growth potential in the US market; however, any environmental concerns that arise with the use of cadmium may slow down the growth potential for this technology in the US market.

2) First Solar's shares are currently discounting significant top-line growth resulting from highly secured contracts with fixed price digressions and robust margin expansion resulting from the company's aggressive cost reduction plans. We believe any further upside to estimates hinges upon the company's ability to secure additional long-term contracts at currently favorable pricing terms as well as better

tctedxis some element of “scarcity factor” in First Solar’s valu companies go public over the next 12-18 months, this may reduce the scarcity factor in First Solar’s current valuation.

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Company Name	Ticker	Price	Price Date	Stock / Sector Rating
First Solar Inc.	FSLR	US\$ 113.69	11-Mar-2010	2-Equal Weight / 2-Neutral

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EnerNOC Inc. (ENOC)	Evergreen Solar Inc. (ESLR)
First Solar Inc. (FSLR)	GT Solar International Inc. (SOLR)
Itron Inc. (ITRI)	JA Solar Holdings Co., Ltd. (JASO)
LDK Solar Company Limited (LDK)	MEMC Electronic Materials (WFR)
ReneSola Ltd. (SOL)	Solarfun Power Holdings Co., Ltd. (SOLF)
SunPower Corp. (SPWRA)	Suntech Power Holdings (STP)
Trina Solar Limited (TSL)	Yingli Green Energy Holding Co., Ltd. (YGE)

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