

WRITTEN TESTIMONY OF MICHAEL AHEARN, CHAIRMAN OF FIRST SOLAR,  
BEFORE THE HOUSE SUB-COMMITTEE ON REGULATORY AFFAIRS, STIMULUS  
OVERSIGHT AND GOVERNMENT SPENDING

U.S. HOUSE  
MAY 16, 2012

Chairman Jordan and members of the committee, my name is Mike Ahearn, and I am the Chairman of the Board of First Solar. Thank you for the opportunity to appear before the Committee today to offer my perspective on the U.S. Department of Energy's Loan Guarantee Program.

First Solar is the lowest-cost solar module manufacturer in the industry, among the largest solar module manufacturers in the world, and the global leader in developing and constructing utility-scale photovoltaic power plants. To date, we have produced 6 gigawatts (6,000 megawatts) of solar modules, which is enough to power about three million homes and represents an estimated \$15 billion or more of solar power installations. We are headquartered in Tempe, Arizona and our global R&D and U.S. manufacturing centers are located in Perrysburg, Ohio. In addition to our 1,800 associates in the U.S., our manufacturing and project development activities support more than 7,000 additional U.S. supply chain and construction jobs. Last year, we spent more than \$1 billion with U.S. suppliers in 35 states for everything from glass to machine tools to fabricated components. We trade on the NASDAQ and are the only renewable energy company currently included in the S&P 500 index.

First Solar's success reflects over two decades of entrepreneurial struggle, innovation and effective public-private partnership. Our core process technology – an advanced thin film semiconductor process for making low-cost solar modules – was developed in the early 1990s by a group of scientists and engineers working in partnership with the National Renewable Energy Laboratory. In 1999, we formed First Solar and committed venture capital funding to commercialize the manufacturing process. A project that we thought would require two years

and \$40 million ended up requiring six years and over \$100 million as we encountered and eventually solved a number of problems typical of start-up technology companies.

Once we solved the core commercialization problems, we were able to grow exponentially. Between 2005 and 2009, aided by generous market subsidies in Europe and technical assistance from NREL, Sandia National Laboratory and Brookhaven National Laboratory, we scaled our annual manufacturing production volume 50-fold, from 20 megawatts to over 1,100 megawatts, expanded our workforce 10-fold, from 200 to over 2,000 associates, reduced our manufacturing costs by nearly 70% from 2004 levels and established ourselves as a global industry leader.

In 2008, we took on another major challenge by deciding to expand beyond manufacturing and selling solar modules to become the first company to design, engineer and construct large photovoltaic power plants for the utility market. The California Renewable Portfolio Standard – requiring regulated utilities to generate 20% of their total electricity generation from renewable sources – represented a potentially large market. However, photovoltaics to that point had been largely relegated to smaller distributed generation systems and were considered by utilities and regulators to be too costly to compete with wind and geothermal power. To meet the cost and performance requirements of utilities and grid operators, we vertically integrated our business into the development, design, engineering, construction and operation of solar power plants. In parallel, we implemented a number of R&D programs and initiatives to reduce costs, improve plant reliability and effectively integrate large solar plants onto the grid.

With now over 2 GW (2,000 MW) of First Solar power plants constructed or under construction, we have demonstrated our ability to design, engineer and construct large-scale solar power plants to the exacting standards of the utility industry. Our advanced technology, innovative system designs and economies of scale have enabled us to dramatically reduce costs and accelerate construction cycles. Our plant monitoring and control capabilities have validated that the reliability and grid compatibility of our power plants measure up to the high standards of the utility industry. By consistently delivering on our promises and standing behind our commitments, we have earned the trust and business of some of the most respected companies in the electric utility and energy industry, including APS, Exelon, GE, NextEra, NRG Energy,

PG&E, Sempra Energy, Southern California Edison, The Southern Company and most recently Mid-American Energy. These accomplishments are now allowing us to launch a major new initiative to expand to new markets across the globe without the need for expensive solar subsidies.

But our success story came close to ending in early failure. The financial sector meltdown and economic downturn in 2009 jeopardized the entire marketplace for renewable energy, including First Solar's efforts to enter the domestic utility market. The timely and effective intervention by Congress through the American Recovery and Reinvestment Act, by the Treasury Department through the Section 1603 program, and by the DOE through the loan guaranty program helped to assure near-term liquidity in the project finance market and foster the development of more robust private capital markets to finance large, utility-scale projects. These initiatives acted as both an interim lifeline and a bridge to the future, and for that we are sincerely grateful.

In recent months, the European solar subsidies that historically supported the industry have declined sharply, impacting First Solar and the rest of the industry. However, largely because of our successful expansion into the utility market, First Solar remains financially strong and well-positioned to execute through the current market environment, and to maintain American leadership in this key industry of the future.

I am aware that questions have arisen regarding the DOE's loan guaranty program, including questions regarding First Solar's applications raised in the Committee's report dated March 20, 2012. First Solar worked diligently and transparently with the Loan Program Office and its legal, financial, and technical advisors to assure that sound results were achieved for each of the projects. I would like to thank the Committee for the opportunity to discuss our experience with the loan program, and I welcome the opportunity to answer your questions.

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Name:

Michael J. Ahearn, Chairman, First Solar

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

DOE/NREL -- \$73,015

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

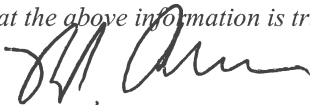
First Solar – Founder; CEO (1999--10/25/2009); Chairman (1999--current); Interim CEO (10/25/2011-5/3/2012)

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

DOE/NREL – \$388,066

*I certify that the above information is true and correct.*

Signature:



Date:

5/14/12

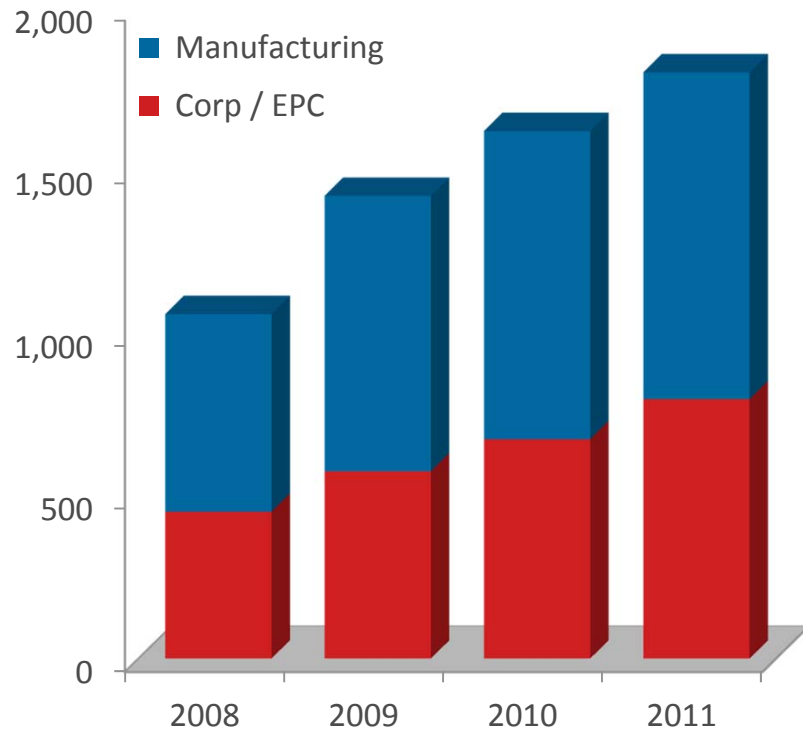
**Committee on Oversight and Government Reform  
Witness Disclosure Requirement – “Truth in Testimony”  
Required by House Rule XI, Clause 2(g)(5)**



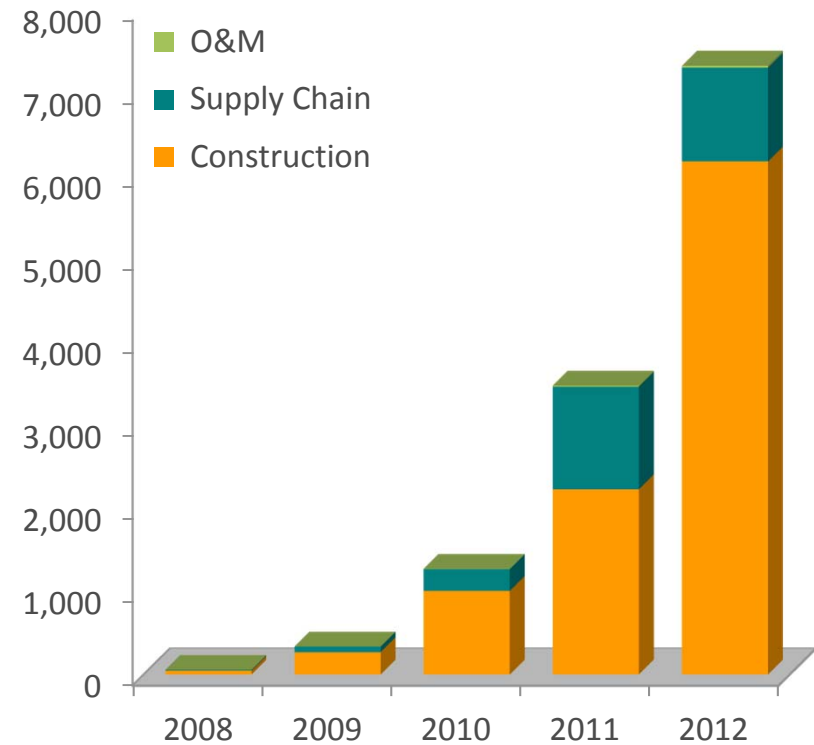
# House Subcommittee on Regulatory Affairs, Stimulus Oversight And Government Reform

May 16, 2012

First Solar in the **U.S. employs over 1,800**  
in manufacturing, R&D, EPC and support positions

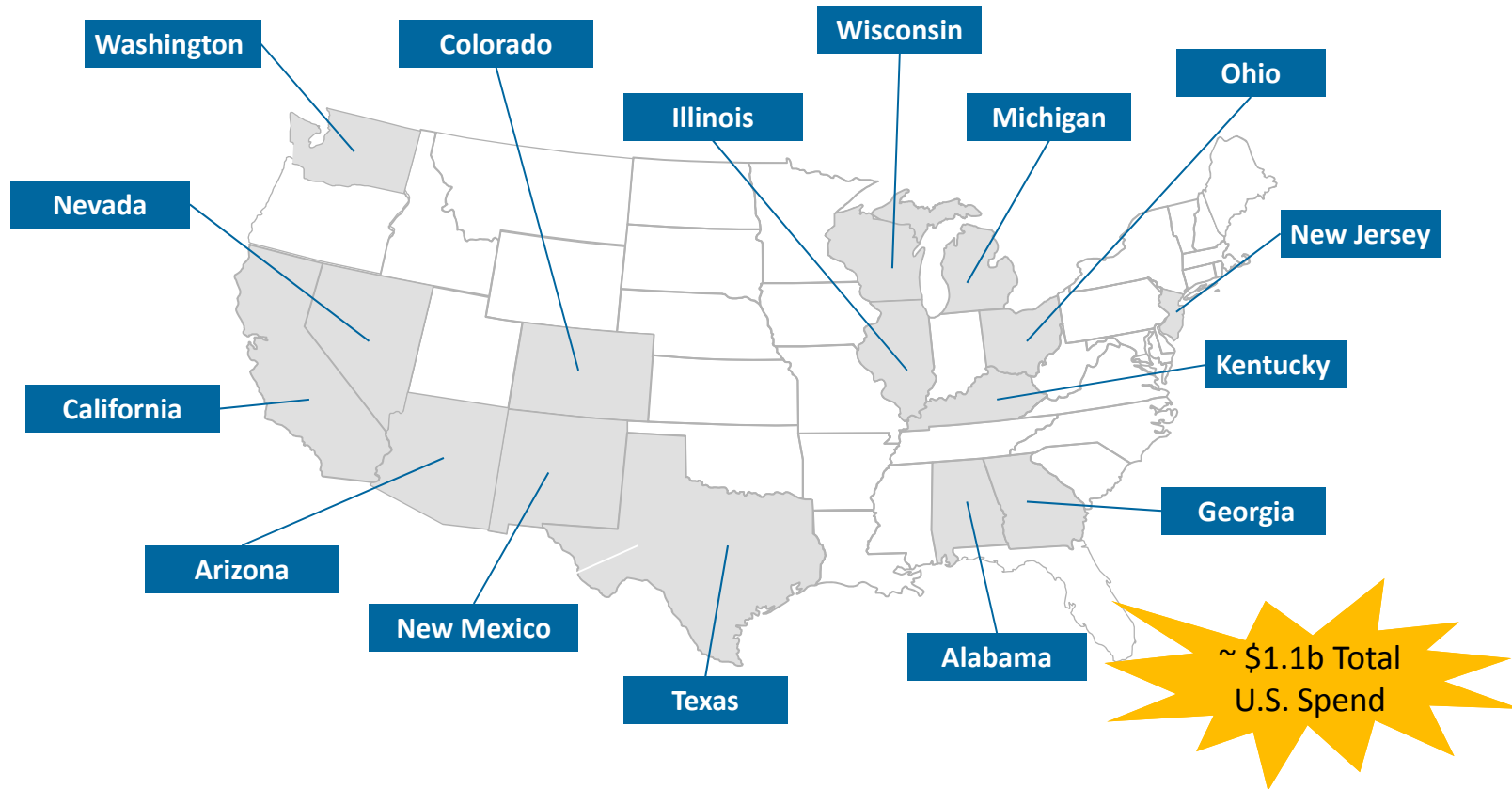


EPC created **3,500 U.S. jobs in construction** for  
projects underway, **~7,000** in our near-term pipeline



Updated: May, 2012

# First Solar Supply Chain: Top 15 States >\$25M



Note: Based on 2011 Spend

## Desert Sunlight, CA



Peter Mayo  
Desert Sunlight

“I was working in the construction industry and all of a sudden the security was lost. Now that First Solar came in, there are a lot more opportunities out here and I am feeling a lot more secure because I’m employed now. Things are looking great!”

“



## Desert Sunlight, CA



Peter Delperdinger  
Desert Sunlight

“Even though there are only 400 or 450 people being hired, when I take my money & spend it in town, those businesses can then hire more people because they are receiving money from this job directly”

“Whether they realize it or not, all of us buy groceries, we all buy gasoline, we’re all going to need a new car or truck eventually and this is where the money to buy those things is going to come from and a lot of businesses are going to benefit.”

“

# Agua Caliente, AZ



Pedro Salcedo  
Agua Caliente

“I was unemployed for 2 months before I started working at First Solar . . . I just got my house the other day, and I feel more stable now.”

“



# Agua Caliente, AZ



Gilbert Hernandez  
Agua Caliente

“I was unemployed for close to a year. Then I had the opportunity to get a job out here in Dateland. I applied and was hired and I’m enjoying it.”

“



## AV Solar Ranch One, CA



Javier Pomposo  
AVSR1

“I would like to thank First Solar for the employment opportunity as a Civil Supervisor in a new growing industry and for hiring a local resident of Fairmont. I enjoy going to work every day and being able to provide for my family.”

“

## AV Solar Ranch One, CA



Zachary Christensen  
AVSR1

“For the first time in years I can do things like take my wife out to dinner and a movie without worrying about my next paycheck. I appreciate the opportunity to work every day.”

“

# First Solar Utility Scale PV Power Plant





Clean. Affordable. Sustainable. Global.

## **Michael J. Ahearn**

### **Chairman of the Board – First Solar**

Michael J. Ahearn serves as chairman of the board of directors of First Solar. Mr. Ahearn served as chief executive officer from August 2000 to September 2009, executive chairman from October 2009 to December 2010, and interim chief executive officer from October 2011 to May 2012. Mr. Ahearn is currently Chairman and Managing Partner of True North Venture Partners, L.P., a venture capital firm he launched in 2011 to invest primarily in early stage companies in the energy, water, agriculture and waste sectors. Prior to First Solar, he was partner and president of an equity investment firm, JWMA (formerly True North Partners, L.L.C.). Prior to joining JWMA, Mr. Ahearn practiced law as a partner in the firm of Gallagher & Kennedy. Mr. Ahearn currently serves as a member of the Board of Directors of Cox Enterprises, Inc.; a member of the Board of Trustees of Thunderbird School of Global Management; a member of the Board of Trustees of The German Marshall Fund; a member of the Board of Directors of Endeavor Global, Inc.; a member of the Global Advisory Board of Beijing Climate Policy Initiative; and a member of the Advisory Board of BDT Capital Partners. Mr. Ahearn holds a B.A. in Finance and a J.D. from Arizona State University. During his original nine-year tenure as chief executive officer of First Solar, Mr. Ahearn led the development and expansion of First Solar from a small privately-held company to a successful multinational industry-leading public company; his experience and insights are critical assets to the board of directors.