

SOLARWORLD IS READY

→ Corporate Governance • p. 053 //

THE BOARD OF MANAGEMENT



PHILIPP KOECKE CHIEF FINANCIAL OFFICER // CFO

Responsible for the areas Controlling, Investor Relations/Corporate Communications, IT, HR, Accounting, Group Accounting and Internal Audit
// Since 2003



BORIS KLEBENSBERGER CHIEF OPERATING OFFICER // COO

Responsible for the QM and EM areas as well as for production management and Controlling
// Also in charge of control of the producing subsidiaries as well as Research and Development
// Since 2001



FRANK H. ASBECK CHIEF EXECUTIVE OFFICER // CEO

As founder of the company, he is responsible for corporate development, public relations and also energy and corporate policy
// Since 1999



DIPL.-WIRTSCHAFTSING. FRANK HENN CHIEF SALES OFFICER // CSO

Responsible for the coordination of national and international sales
// Since 2004



SOLARWORLD
THE SUNPOWERED COMPANY®

SOLARWORLD
THE SUNPOWERED COMPANY®

SOLA
THE SUNP

**SUN
AT WORK**
SOLARWORLD-ELBRAL.COM

**SUN
AT WORK**
SOLARWORLD.DE

PHILIPP
KOECKE

BORIS
KLEBENSBERGER

FRANK H.
ASBECK

FRANK
HENN

SOLARWORLD IS ECONOMICALLY SUCCESSFUL. WE WILL SHOW YOU THIS IN THE PRESENT ANNUAL GROUP REPORT. WE AGAIN WENT ON A JOURNEY IN 2009: TO OUR CUSTOMERS IN THE SOLAR MARKETS OF THE FUTURE, TO PEOPLE IN OFF-GRID REGIONS OF THE WORLD, TO LEGENDARY PLACES THAT ARE EXAMPLES OF THE HIGH ENERGY CONSUMPTION OF MODERN INDUSTRIALIZED SOCIETIES, TO THE ROOFS OF MODERN CITIES.

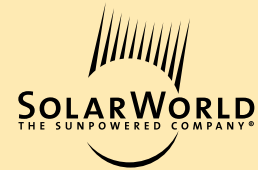
THERE WE AGAIN CAPTURED THE SUN. BECAUSE THE SUN SHINES DOWN ON EVERY SPOT OF THE EARTH: CLEAN, SAFE, INEXHAUSTIBLE AND FAIR. **SUN AT WORK.**

IMMERSE YOURSELF IN THIS WORLD AND CLICK YOUR WAY TO OUR ONLINE REPORT UNDER:

ANNUALGROUPREPORT2009.SOLARWORLD.DE/SUN-AT-WORK/VIDEO

SOLARWORLD

INDEPENDENT, SUSTAINABLE, SUCCESSFUL
THROUGH OUR FULLY INTEGRATED SOLAR
VALUE CHAIN – SINCE 1998



Dipl.-Ing. Frank H. Asbeck
CEO of SolarWorld AG

Letter by the Chairman

Dear Customers, Shareholders, Employees and Friends of SolarWorld AG,

A challenging and not always easy year 2009 lies behind the solar industry. The SOLARWORLD AG felt this, too. The industry-wide decline in prices, the increasing competitive pressure mainly from the Chinese mass marketers, the uncertainties caused by the upcoming amendment of the law on renewable energies in our core market Germany – all that together has exerted noticeable pressure on us as well.

Yet, the question is: What are we actually talking about? Against the industry trend SOLARWORLD again generated healthy earnings and a sound return in investment in 2009. We are writing black figures. We boosted our sales revenues to more than one billion Euro. Ten years ago we started as a pioneer. Today we are a world leader in the industry. We have always been able to measure ourselves against our objectives.

This is plenty of evidence that the strategic approach we adopted is the right one. And: We are operating in a market supported by a megatrend – the increasing demand for energy. In the next 20 years the global demand for electricity will shoot up by 66 per cent. The sales market for energy alternatives is therefore bound to increase due to the finiteness of conventional energy sources and the need to find climate-friendly answers. It is therefore unavoidable that there will be a shift in demand towards alternative technologies in power generation. Conventional energy sources will become increasingly more expensive; solar energy will become increasingly less expensive through intensive technological development and economies of scale. The time of grid parity – i.e. the moment when power from the wall socket costs more than power from your own solar power plant on the roof – is coming closer and closer. Depending on the number of hours of sunshine and the country concerned as soon as in 2013. Companies that now manage to successfully establish their market position will benefit to a large extent from the demand that will then grow significantly. Our business model ensures us precisely today our growth into the future.

This year we are faced by further challenges: We must find answers to the massive cuts in the feed-in tariffs in Germany. I am against over-subsidizing the solar industry because we need the acceptance of the people who pay for this. It is only in this way that we can manage the energy turnaround. Still, in the first instance this means strong pressure that we need to cushion.

We will continue to invest in the strengths of SOLARWORLD with an appropriate investment speed and good investment tactics. We will again “step on the accelerator” and intensively work on the cost structures along the entire solar value chain. New and highly advanced production plants installed in the context of our current expansion measures will again increase our productivity.

Our supreme credo will remain: The SOLARWORLD brand stands for top quality. Our products distinguish themselves in competitive comparisons by the highest yields and the best performance warranties. And that is also our quality promise for the future: We will place a major strategic emphasis on our innovative power. With high quality products “Made by SOLARWORLD” we will continue to convince our customers and open up new growth markets.

Let me summarize it this way: With our tried and tested integrated business model – just recently once again strengthened at the raw material base in the sunny state of Qatar – we secure our independence and our sustainability claim, guarantee consistent SOLARWORLD quality and, on the cost side, find answers to the need for competitive prices. We are economically successful, have a good liquidity framework and can thus achieve the investment targets we have set ourselves.

And so we are self-confidently looking into the future! In 2010 we will maintain our speed of growth and increase our production volume as planned by more than 30 per cent. Our SOLARWORLD is marked by team spirit and a strong will to perform, which in turn is based on the commitment of our employees. At this point it is they who again deserve my heartfelt thanks and my trust for reaching the targets we set ourselves. And we will face the challenges of such a rapidly growing company: We will consistently strengthen our processes because we know about the need for optimization. For us the satisfaction of our customers is the highest measure. We must gain this with top quality in logistics and service and with a perfect product in typical SOLARWORLD quality.

Our performance is driven by the power of the sun: SUN AT WORK!

I thank you for your trust and I promise you: The future will remain exciting and we, the SOLARWORLD, will have a hand in shaping it. That’s what I am looking forward to together with you.

Sunny regards,



Dipl.-Ing. Frank H. Asbeck
CEO of SolarWorld AG

THE SUPERVISORY BOARD



DR. GEORG GANSEN

DEPUTY CHAIRMAN

Attorney-at-law/Corporate Legal Counsel by Deutsche Post AG located in Bonn, Germany

*Initial appointment: 18.12.1998
End of current appointment period: May 2013*

Dr. Gansen additionally holds the following appointments on legally required Supervisory Boards and similar supervisory bodies:

- Deputy Chairman of the Supervisory Board of Solarparc AG, Bonn
- Deputy Chairman of the Supervisory Board of Deutsche Solar AG, Freiberg
- Deputy Chairman of the Supervisory Board of Sunicon AG, Freiberg



DR. CLAUS RECKTENWALD

CHAIRMAN

Attorney-at-law and partner in the law firm of Schmitz Knoth Rechtsanwälte in Bonn, Germany

*Initial appointment: 18.12.1998
End of current appointment period: May 2013*

Dr. Recktenwald additionally holds the following appointments on legally required Supervisory Boards and similar supervisory bodies:

- Chairman of the Supervisory Board of Solarparc AG, Bonn
- Deputy Chairman of the Supervisory Board of Deutsche Solar AG, Freiberg
- Member of the Supervisory Board of VEMAG Verlags- und Medien AG, Cologne
- Deputy Chairman of the Supervisory Board of Sunicon AG, Freiberg
- Member of the Supervisory Board of Wanderer-Werke AG, Augsburg (bis November 2009)
- Member of the advisory body of Grünenthal GmbH, Aachen (since January 2010)



DR. ALEXANDER VON BOSSEL

MEMBER

Attorney-at-law and partner in the law firm of Sozietät CMS Hasche Sigle in Cologne, Germany

*Initial appointment: 18.12.1998
End of current appointment period: May 2013*

Dr. von Bossel additionally holds the following appointments on legally required Supervisory Boards and similar supervisory bodies:

- Member of the Supervisory Board of Solarparc AG, Bonn

STATEMENT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

2009 THE BOARD OF MANAGEMENT,
THE COMPANY EXECUTIVES AND THE
ENTIRE WORK-FORCE OF THE SOLARWORLD
GROUP AGAIN PRODUCED WORLDWIDE
OUTSTANDING WORK.

Dr. Claus Recktenwald
Chairman of the Supervisory Board

Report by the Supervisory Board of SolarWorld AG on Fiscal Year 2009

Dear Shareholders of SolarWorld AG, dear Employees and Friends of the SolarWorld Group,

A firm grounding, a sure eye and consistent sustainability – that’s what it was all about but not just as of year one after the financial market crisis. For SOLARWORLD’s eleventh fiscal year the tone was set by Corporate News like “Solar Power for the Pope”, “Best German Stock of the Decade” or “SOLARWORLD AG Outperforms € 1 Billion Revenue Forecast”. That also makes the Supervisory Board proud, and we feel rightly so.

In today’s composition the Supervisory Board of SOLARWORLD AG has existed since the founding of the company on 18 December 1998. It was reelected for another five years on 21 May 2008. This report describes its activities in fiscal year 2009. Again it subjects itself to an increased reporting duty which in turn means that the Supervisory Board made available to the auditors of the company the complete minutes of all the meetings of the Supervisory Board in the year 2009 including all the relevant attachments.

The Supervisory Board of SOLARWORLD AG again performed all the tasks imposed upon it by the relevant laws, the articles of association and the rules of procedure. It did so in a continuous dialogue with the Board of Management of the company which it both advised and monitored pursuant to paragraph 111 AktG (German Stock Corporation Act). At the same time the Supervisory Board was engaged in checking its own efficiency. On the whole no complaints resulted from its activities in general and the monitoring of the management in particular. This is why the Supervisory Board will propose to the Annual General Meeting that the actions of the Board of Management in fiscal year 2009 be ratified.

In the year under review the Supervisory Board had seven formal meetings, four of which were ordinary quarterly meetings. The meetings took place on 18 February, 25 February, 16 March, 11 May, 6 August, 24 November and 17 December 2009. The August meeting was part of a Group Supervisory Board Meeting which was repeated. On a regular basis at least one member of the Board of Management attended the Supervisory Board meetings, which took place only in exceptional cases without Management Board involvement. The Board of Management on its part kept the Supervisory Board informed about all Management Board meetings by submitting the written agenda and afterwards the minutes of the meeting.

In all decisions of fundamental importance to the company the Supervisory Board was involved in a direct and timely fashion. The Board of Management informs the Supervisory Board regularly both in writing and verbally, punctually and comprehensively about all the relevant questions of corporate planning and strategic development, about the earnings, asset and finance situation of the company as well as about the current business policy and the risk management system being practiced. The reporting duties pursuant to paragraph 90 AktG were complied with as much as the stipulations of the German Corporate Governance Code (GCGC).

In 2009, the work of the Supervisory Board of SOLARWORLD AG concentrated on the following priority issues: audit and final conference as well as balance sheet discussion with the auditors on all consolidated companies; monitoring of the accounting process, the effectiveness of the internal control system, the internal risk management system and the internal audit system as well as the audit itself, the independence of the auditors and the additional services rendered by the auditors; preliminary discussion of the quarterly figures with the Chief Financial Officer; international marketing strategy including sponsoring engagement in the sports area; approval of the consulting and representation services rendered to the group by the law firm of Schmitz Knoth Rechtsanwälte, Bonn, which is close to the Chairman of the Supervisory Board as contemplated by IAS 24; approval and addition to the rental contracts for the SOLARWORLD AG administration; opening up new business fields and production expansion in Freiberg/Saxony and in Korea; GPV settlement; preparation and approval of the AGM resolution on the capping of the Management Board remuneration; further integration of foreign subsidiaries; ongoing and future raw materials projects; preparation and submission of the Declaration of Compliance pursuant to paragraph 161 AktG concerning the GCGC version of 18 June 2009 as published on 5 August 2009; accompaniment and approval of the bond issue amounting to € 400 million.

In all its activities the Supervisory Board of SOLARWORLD AG was guided by the recommendations of the GCGC, which it and the Board of Management again completely complied with in 2009. In the same way in which the Supervisory Board in its meeting on 29 September 2008 approved the previous version of the GCGC of 6 June 2008, both for the year just ended and for the following year, it now approved the current version of the GCGC of 18 June 2009 as published on 5 August 2009 in a repeat resolution passed on 24 November 2009 and made permanently available to all shareholders pursuant to paragraph 161 AktG on the website of the company with the following wording:

“The recommendations by the ‘Government Commission on the German Corporate Governance Code’ as published by the Federal Ministry of Justice in the official section of the Electronic Federal Gazette are being complied with by the Supervisory Board to the extent that they are applicable to it.”

Following this the Board of Management of SOLARWORLD AG approved an equivalent GCGC Declaration of Compliance on 14 December 2009, which was also published pursuant to paragraph 161 AktG. The Supervisory Board received proof of this publication. At the same time the section “Corporate Governance Report” in this Annual Group Report for 2009 also contains all the relevant details on Management

Board remuneration, Supervisory Board compensation and GCGC implementation unless the report by the Supervisory Board also contained in the annual report already includes the information as required by section 3.10 of the GCGC.

As far as compliance with the GCGC recommendations by the Supervisory Board of SOLARWORLD AG is concerned the coordination of the strategic alignment of the company and the regular discussion of the state of strategy implementation were dealt with in the context of the consistently practiced exchange of information with the Management Board (section 3.2 GCGC). In this process the provision of information to the Supervisory Board is seen as a joint task of the Management Board and the Supervisory Board (section 3.4 GCGC). Especially the Chairman of the Board of Management was regularly informed by the Supervisory Board of the company about its own activities and was integrated into these as much as possible. Clashes of interest as defined by section 5.5 GCGC did not occur in the process. The Supervisory Board also considers itself to be independent as defined in section 5.4.2 GCGC. To the extent that mandatory approvals were required as defined in section 5.5.4 GCGC these were invariably obtained.

The tasks described by the new Accounting Law Modernization Act with regard to accounting and auditing are performed by the three-member Supervisory Board itself. To the extent that the law demands in this context that at least one member of the Supervisory Board be independent and have experience in the areas of accounting and auditing, the Supervisory Board as a whole declares itself to be sufficiently qualified. In the first instance it is enough for only one member of the Supervisory Board to have expertise in the field of accounting or alternatively in the field of auditing. This applies to all members of the Supervisory Board as fully qualified lawyers, who have all specialized in business law. In addition, the necessary expertise is simply taken for granted in the case of "long-standing members of audit committees". As all three Supervisory Board members have been involved in the annual auditing of the financial statements of the SOLARWORLD Group since 18 December 1998, i.e. for more than ten years, no further explanation is needed at this juncture.

The audit company BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Bonn, which was appointed by the Supervisory Board on the instructions of the Annual General Meeting of 20 May 2009 to again audit the financial statements and the consolidated annual financial statements of SOLARWORLD AG for fiscal year 2009 first renewed its declaration of independence as defined in section 7.2.1 GCGC, thus confirming that no business, financial, personal or other relationships existed between the auditor and his organizations and chief auditors on the one hand and the company and its organization members on the other hand that might give rise to doubts about the auditor's independence. It was also ascertained that none of the auditors involved in the audit had exceeded the seven-year overall limit for the authorization of issuing unqualified audit certificates, to be applicable to the entire group.

The report to be given by the Supervisory Board on the result of the examination of its own efficiency should according to paragraph 171 Sec. 2 AktG also include the statement on which committees it has formed. As, however, the Supervisory Board of SOLARWORLD AG is limited to three members the extensive

formation of committees was also superfluous in fiscal year 2009. To the extent that paragraph 175 Sec. 2 AktG requires an explanatory report on the information pursuant to paragraph 289 Sec. 4, paragraph 315 Sec. 4 of the German Commercial Code (HGB) the Supervisory Board adopts the relevant report of the Board of Management fully subscribing to the statements made in it. The management and consolidated management reports affected by this were also audited by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Bonn, which extended the audit to the accounting as well. The annual financial statements for the fiscal year ending on 31 December 2009 drawn up by the Management Board according to the HGB accounting rules and the management report for SOLARWORLD AG were awarded the unqualified auditor's certificate by BDO on 12 March 2010. At the same time the auditor also gave his unqualified auditor's certificate to the consolidated management report and the consolidated annual financial statements of SOLARWORLD AG, which pursuant to paragraph 315a HGB was again drawn up on the basis of the international reporting standards IFRS.

After its own examination of the annual financial statements, the consolidated financial statements, the management report and the consolidated management report the Supervisory Board approved the audit result presented by the auditor. It did not see any reasons for objections. Previously it had discussed the audit priorities with the auditors in a meeting on 17 December 2009 and had met with the auditors for a final conference on 24 February 2010. Both meetings took place in the presence of the Chief Financial Officer of SOLARWORLD AG. In the balance sheet meeting on 15 March 2010 further details in conjunction with the unqualified auditor's certificates awarded on 12 March 2010 were finally discussed. Here again no doubts concerning the correctness of the results produced by the auditors were raised, which is why a further investigation was not required. In the balance sheet meeting the Supervisory Board then also approved the financial statements and the consolidated financial statements. The financial statements are hence adopted. The Supervisory Board also adopted the proposal of the Board of Management regarding the appropriation of the balance sheet profit.

In the year 2009 the Board of Management and the entire workforce of the SOLARWORLD Group again produced outstanding work – and did so worldwide. The Supervisory Board offers heartfelt thanks combined with its respect and appreciation.

Bonn, 15 March 2010



For the Supervisory Board
Dr. Claus Recktenwald
Chairman