



Compensation Committee Charter

PURPOSE OF THE COMPENSATION COMMITTEE

The Compensation Committee (the "**Committee**") of the Board of Directors of First Solar, Inc. (the "**Board**") shall (i) review the Company's compensation practices and policies, (ii) annually review and approve the compensation of the Company's executive officers, including the Chief Executive Officer (the "**CEO**"), (iii) annually evaluate CEO performance, (iv) prepare any report related to executive compensation required in connection with the Company's proxy statement or annual report and (v) review and discuss other compensation related disclosure for the Company's proxy statement or annual report with Company management and make recommendations to the Board with respect to such disclosure. Any action authorized by this Charter to be taken by the Committee may in lieu thereof, be taken by a majority of the independent directors of the Board.

Membership

The Committee's membership shall be determined by the Board based on the recommendations from the Nominating and Corporate Governance Committee and shall consist of at least three directors. The members of the Committee shall (i) meet the independence requirements of the listing standards of the National Association of Securities Dealers Quotation System ("**NASDAQ**"), (ii) qualify as "Non-Employee Directors" for purposes of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and (iii) qualify as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**") taking into account any exemptions therein. The members of the Committee shall be appointed by the Board from among its members and shall be subject to removal by the Board. The determination of any member's qualification to serve on the Committee shall be made by the Board in keeping with the applicable requirements and definitions of the NASDAQ listing standards.

Each member shall serve until his or her successor is duly appointed and qualified or until such member's resignation or removal by a majority vote of the Board.

Roles and Responsibilities

The responsibilities of the Committee include:

1. Compensation Practices and Policies
 - a. Reviewing compensation practices and policies of the Company to ensure they provide appropriate motivation for corporate performance and increased shareholder value.
 - b. Administering the Company's stock option and omnibus incentive compensation plans (including, without limitation, determining the associates who will receive compensation awards and the size of those awards under the Company's equity compensation programs).
 - c. Making recommendations to the Board regarding the adoption, amendment or termination of equity compensation programs that require shareholder approval.
 - d. Approving the adoption, amendment and termination of incentive compensation and deferred compensation programs for employees of the Company.
 - e. Producing any report related to executive compensation required in connection with the Company's annual proxy statement or annual report.
 - f. Reviewing and discussing the Compensation Discussion and Analysis (the "CD&A") required for inclusion in the proxy statement or annual report and, as appropriate, recommending to the Board that the CD&A be included in the Company's annual proxy statement or annual report.
2. Executive Compensation
 - a. Periodically surveying the executive compensation practices of comparable companies.
 - b. Annually reviewing and approving, for the senior executives of the Company (other than the CEO) (i) annual base salary, (ii) short-term incentive compensation (e.g., target bonus percentage, annual bonus award), (iii) equity compensation and any other long-term incentive compensation under the Company's omnibus incentive compensation plans or any similar plan adopted by the Board.
 - c. Approving for the senior executive officers of the Company the terms and conditions of employment agreements, consulting agreements, severance or retirement arrangements, change-in-control arrangements and any supplemental benefits or special compensation arrangements.
 - d. Retaining and terminating, in its sole discretion, any compensation consultant or advisor used to assist in the evaluation of CEO or senior executive compensation and approving the consultant's fees and other retention terms, regardless of whether such consultant or advisor satisfies the independence standards.
 - e. Reviewing shareholder proposals relating to executive compensation matters and recommending to the Board the Company's response to such proposals.
 - f. Reviewing and approving any executive perquisites.
3. CEO Compensation
 - a. Reviewing and approving annual corporate goals and objectives for the CEO.
 - b. Annually reviewing and approving (based on the Committee's evaluation), (i) annual base salary, (ii) short-term incentive compensation (e.g., target bonus percentage, annual bonus award), (iii) equity compensation and any other long-term incentive compensation under the Company's omnibus incentive compensation plans or any similar plan adopted by the Board. In determining the long-term incentive component of CEO compensation, the Committee will consider all factors it

- deems relevant, including, to the extent deemed relevant by the Committee, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
- c. The CEO may not be present during voting or deliberations with respect to the CEO's compensation.
4. **Director Compensation**

The Committee periodically shall review and recommend to the Board the form and amount of director compensation (including perquisites and other benefits), and any additional compensation to be paid for service on Board committees or for service as a chair of a committee. In making its recommendations, the Committee shall give due consideration to what is customary compensation for directors of comparable U.S. companies and any other factors it deems appropriate that are consistent with the policies and principles set forth in this Charter and the Company's Corporate Governance Guidelines.
 5. **Other Matters**
 - a. In consultation with management, the Committee shall oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility (including, as and when required, for compliance with Section 162(m) of the Code, establishing performance goals and certifying that such performance goals and any other material terms have been attained).
 - b. The Committee shall have such other roles and responsibilities as may be delegated to it by the Board from time to time.
 6. **Reports to Board, Charter Review, Self-Evaluation**
 - a. The Committee shall regularly apprise the Board of its activities.
 - b. The Committee shall annually review the adequacy of this Charter and recommend any proposed changes to the Board for approval.
 - c. The Committee shall conduct or participate in an annual performance evaluation of the Committee

Structure and Operations

One member of the Committee shall be designated to act as its chair. The Committee shall meet in person or telephonically at least two times per year at such times and places determined by the Committee chair, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chair. The chair, with input from the other members of the Committee and, where appropriate, management, shall set the agendas for Committee meetings.

The Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Committee may exclude from its meetings any persons it deems appropriate.

The Committee shall have the authority to retain such outside legal, accounting or other advisors as the Committee may deem appropriate in its sole discretion, and regardless of whether such consultant or advisor satisfies any independence standards. The Committee shall have sole authority to approve related fees and retention terms.

The Committee may, in its discretion, form subcommittees and delegate all or a portion of its duties, responsibilities and authority to such subcommittees, to any member of the Committee, or to management, when it deems such delegation appropriate and in the best interests of the Company.

The Committee shall maintain minutes or other records of its meetings and shall regularly apprise the Board of the actions taken in these meetings. Such communication may take the form of oral reports by the chair of the Committee or any other member of the Committee designated by the Committee to give such report. Except as expressly provided in this Charter, the Company's Bylaws or the Company's Corporate Governance Guidelines, or as required by law, regulation or NASDAQ listing standards, the Committee shall set its own rules of procedure.