SolarWorld Aktiengesellschaft

Bonn

INFORMATION MEMORANDUM

For the holders of the

6.375% 2011/2016 Bond Issue of SolarWorld AG, of Bonn ("SolarWorld AG" or "the Company") in the aggregate principal amount of EUR 150,000,000.00 (ISIN XS0641270045, WKN A1H3W6), divided into 150,000 bearer bonds all enjoying equal rights, with a par value of EUR 1,000.00 (each of them being a "2016 Note " and all notes together the "2016 Bond")

and the holders of the

6.125% 2010/2017 Bond Issue of SolarWorld AG, of Bonn, in the aggregate principal amount of EUR 400,000,000.00 (ISIN XS0478864225, WKN A1CR73), divided into 400,000 bearer bonds, all enjoying equal rights, with a notional par value of EUR 1,000.00 (each of them being a "2017 Note" and all notes together the "2017 Bond")

by

SolarWorld Aktiengesellschaft, whose head office is in Bonn,

and registered in the Commercial Register of the District Court of Bonn under number HRB 8319

Hinweise / Important Notices:

This Information Memorandum is directed exclusively toward the creditors of the 6.125 % 2010/2017 Bond issued by SolarWorld AG in January 2010 with a total nominal amount of EUR 400,000,000.00 (ISIN XS0478864225, WKN A1CR73) as well as toward the creditors of the 6.375 % 2011/2016 Bond issued by SolarWorld AG in June 2011 with a total nominal value of 150,000,000.00 (ISIN XS0641270045, WKN A1H3W6). This Information Memorandum serves only informational purposes and represents neither an offer by the Company nor an invitation to tender an offer to purchase or subscribe for securities nor a securities prospectus or comparable document. Creditors of the Bonds should make their decision on the approval of resolutions and their investment decision with respect to the acquisition of securities of the Company in the context of the exercise of their Purchase Rights to be approved at the meetings of the creditors of the Bonds exclusively on the basis of information on the securities and the risks associated with the acquisition of the securities which are contained in the securities prospectuses that are yet to be circulated by the Company to the creditors of the Bonds in connection with separate acquisition offers. This Memorandum may be circulated outside of Germany only in compliance with the legal regulations applicable therein and persons who obtain possession of this Information Memorandum shall inform themselves of and comply with the legal regulations applicable therein.

Inhaber der EUR 150.000.000,00 Schuldverschreibung 2011/2016 (Anleihe 2016) der SolarWorld AG (Emittentin) mit Wohnsitz, Sitz oder gewöhnlichem Aufenthalt außerhalb der Bundesrepublik Deutschland und Inhaber der EUR 400.000.000,00 Schuldverschreibung 2010/2017 (Anleihe 2017; die Anleihe 2016 und die Anleihe 2017 gemeinsam "Anleihen") der Emittentin mit Wohnsitz, Sitz oder gewöhnlichem Aufenthalt außerhalb der Bundesrepublik Deutschland sollten die nachfolgenden Hinweise beachten.

Holders of the EUR 150,000,000.00 Bond 2011/2016 ("Securities 2011/2016") of SolarWorld AG ("Issuer") domiciled outside the Federal Republic of Germany and holders of the EUR 400,000,000.00 Bond 2010/2017 ("Securities 2010/2017"; the Securities 2011/2016 and the Securities 2010/2017 collectively the "Securities") of the Issuer should take note of the instructions set out below.

Großbritannien / United Kingdom

Die Veröffentlichung dieser Informationsunterlage und sämtlicher anderen Dokumente und/oder Unterlagen durch die Emittentin in Bezug auf die Restrukturierung der Anleihen erfolgt nicht durch eine nach Maßgabe der Ziffer 21 Financial Services and Markets Act 2000 ("FSMA") berechtigte Person; die veröffentlichten Dokumente und/oder Materialien wurden auch nicht entsprechend zugelassen. Entsprechend dürfen diese Dokumente und/oder Materialien der Öffentlichkeit in Großbritannien nicht zugänglich gemacht werden. Die Übermittlung solcher Dokumente und/oder Materialien ist von den Beschränkungen für Finanzangebote (Financial Promotion) nach Ziffer 21 FSMA mit der Maßgabe befreit, dass sie ausschließlich gerichtet und weitergegeben werden an (1) Gesellschafter oder Gläubiger der Emittentin im Sinne von Art. 43 Financial Services and Markets Act

2000 (Financial Promotion) Order 2005 und (2) andere Personen, denen diese Dokumente und/oder Unterlagen rechtmäßig zur Verfügung gestellt werden.

The communication of this Information Memorandum by the Issuer and any other documents and/or materials relating to the restructuring of the Securities is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 ("FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be made available to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons who are existing members or creditors of the Issuer within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and (2) to other persons to whom these documents and/or materials may lawfully be communicated.

Vereinigte Staaten / United States

Die Ausgabe der Erwerbsrechte zum Kauf von Aktien der SolarWorld AG ("Erwerbsrechte") im Tausch gegen die Anleihen soll auf der Basis der Ausnahme in Section 3(a)(9) des U.S.-Wertpapiergesetzes von 1933 i.d.g.F. ("Securities Act") von der Verpflichtung zur Registrierung der Erwerbsrechte erfolgen. Die Anleihen sind nicht nach den Bestimmungen des Securities Act registriert. Die Erwerbsrechte werden "restricted securities" und nicht frei handelbar i.S.d. Securities Act sein. Inhaber von Erwerbsrechten, die diese Rechte ausüben wollen, müssen bestätigen, dass sie qualifizierte institutionelle Käufer ("qualified institutional buyers") gemäß Rule 144A des Securities Act sind. Jeder Inhaber von Schuldverschreibungen der Anleihen oder Erwerbsrechten ist aufgefordert, im Zusammenhang mit der in diesem Dokument näher beschriebenen Gläubigerversammlungen sowie der Verfügbarkeit von Ausnahmen von der Registrierungspflicht nach dem Securities Act rechtliche, wirtschaftliche, steuerliche und andere Berater zu konsultieren. Die Emittentin wird keine Kommission, Gebühr oder andere Vergütung an Broker, Händler, Verkäufer oder andere Personen zahlen, um für Zustimmung zu den auf den Gläubigerversammlungen zu fassenden Beschlüssen zu werben, die nicht mit den Bestimmungen der Section 3(a)(9) des Securities Act im Einklang steht. Die Vorstände, Aufsichtsräte und Mitarbeiter der Emittentin dürfen um die Zustimmung zu den zu fassenden Beschlüssen werben und Fragen hinsichtlich der Anleihen und der Erwerbsrechte beantworten, sie werden dafür aber keine zusätzliche Vergütung erhalten. Die Abwicklungsstelle (wie in den am 19. Juni 2013 und am 20. Juni 2013 im Bundesanzeiger veröffentlichten Einladungen der Emittentin zu den Gläubigerversammlungen definiert), von ihr beauftragte Dienstleister und die jeweils damit verbundenen oder assoziierten Unternehmen geben keine Empfehlung darüber ab, ob die Inhaber der Anleihen den auf der Gläubigerversammlung zu fassenden Beschlüssen zustimmen oder das Erwerbsrecht ausüben sollen.

The issuance of purchase rights to acquire ordinary shares of SolarWorld AG (“Purchase Rights”) in exchange for the Securities is intended to be exempt from registration pursuant to Section 3(a)(9) of the United States Securities Act of 1933, as amended ("Securities Act"). None of the Securities were registered under the Securities Act. The Purchase Rights will not be freely tradable under U.S. securities laws but will be "restricted securities". Any holder of Purchase Rights who wishes to

exercise such option will be required to represent that it is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act. Each holder of notes of the Securities or the Purchase Rights is urged to consult with its own legal, financial, tax and other advisors regarding the bondholder meeting described herein and the availability of an exemption from the registration requirements of the Securities Act. The Issuer will not pay any commission or other remuneration to any broker, dealer, salesman or other person for soliciting consents of holders of the Securities at the bondholder meeting, which is not in compliance with Section 3(a)(9) of the Securities Act. The officers, directors and employees of the Issuer may solicit consents from holders of the Securities and will answer inquiries concerning the Securities and the uncertificated option rights to acquire ordinary shares of SolarWorld AG, but they will not receive additional compensation for soliciting consents or answering any such inquiries. Neither the exchange nor other agent nor any of their respective affiliates makes any recommendation as to whether or not holders of the Securities should approve the proposed resolutions or exercise the uncertificated option rights to acquire ordinary shares of SolarWorld AG.

Content

1. Preliminary Remarks

SolarWorld AG, of Bonn ("**Issuer**" or "**Company**") is inviting holders of the 2016 Bond to a meeting on 8 July 2013 at 3:00 pm CEST and holders of the 2017 Bond to a meeting on 9 July 2013 at 3:00 pm CEST. Resolutions will be proposed at these meetings relating to a restructuring of the Company's financial indebtedness. If no quorum is attained at these meetings, the Issuer intends to call a second set of bondholder meetings that will respectively take place at the beginning of August 2013 (all bondholder meetings are herein referred to as "**Bondholder Meetings**").

In the context of the invitations to the Bondholder Meetings, the Company is asking the Bondholders for their approval of the necessary contributions stipulated in the Company's restructuring proposal. The following Information Memorandum provides additional background on the proposed restructuring as well as measures intended for the Bonds.

The publication of this Information Memorandum represents no offer or invitation. In particular, the publication represents neither a public offer to sell nor an offer or invitation to purchase, acquire or subscribe for shares, bonds or other securities. Such offers shall only take place upon the adoption and effectiveness of the intended resolutions and exclusively through, and on the basis of, securities prospectuses approved and published by the Federal Financial Supervisory Authority (BaFin). Only the securities prospectuses shall contain the necessary and required information for investors to make an investment decision in accordance with statutory regulations.

There are no legal requirements for this Information Memorandum. It has been voluntarily prepared by the Issuer to explain to Bondholders the background of the proposed resolution items. It shall in no way be understood as a conclusive basis for voting behaviour. The Issuer provides no guarantee that this document contains all necessary information to form a decision on the resolution items. This Information Memorandum does not replace an independent review and evaluation of the resolution items, as well as a further review of the legal, commercial, financial and other circumstances of SolarWorld AG and its subsidiaries by each individual bondholder. Each bondholder should not exclusively rely on the Information Memorandum when making its voting decision on the resolution items at the Bondholder Meetings, and instead draw upon all available information on the Issuer and the SolarWorld Group after consulting with its own attorneys, tax and/or financial advisors.

This Information Memorandum is dated as of the date set out. It is the Issuer's view that, unless otherwise stated, the information contained herein is current. This information may become outdated after the stipulated date of this Information Memorandum. Neither SolarWorld AG nor its respective legal representatives, employees or advisors assume any obligation to update this Information Memorandum or to provide information on circumstances that occur after the date of this Information Memorandum.

Unless otherwise stated, figures in this Information Memorandum pertaining to the 2012 fiscal year are based on preliminary unaudited consolidated group accounts of SolarWorld AG. The Company's

fiscal year 2012 consolidated group accounts were prepared subject to the assumption of a going concern, although the audit certificate confirming these assumptions has not yet been provided by the auditor. This certificate requires, in particular, the implementation of various restructuring measures, including the measures on which the bondholders will vote on at the Bondholder Meetings. In addition, the 2012 fiscal year figures may be subject to change. For example, determinations made in the context of the 2012 fiscal year audit of the Company's annual or consolidated group accounts, and potential post balance sheet effects, may still need to be taken into account.

Neither SolarWorld AG nor its respective legal representatives, employees or advisors, nor their respective legal representatives, employees or advisors, nor any other person, in particular those advisors who are named in this Information Memorandum, provide any assurance of the correctness and completeness of the information contained herein or assume any liability in connection with this Information Memorandum. In particular, they are not liable for any damage that may arise, whether directly or indirectly, as a result of the use of this Information Memorandum; particularly resulting from investment decisions that are made on the basis of this Information Memorandum and/or caused by the incorrectness or incompleteness of information contained in this Information Memorandum.

This Information Memorandum contains certain forward-looking statements that are not representative of historical facts or events. This especially applies to statements on intentions, convictions or present expectations of the SolarWorld Group with respect to its future financial income, plans, liquidity, prospects, growth, strategy and profitability, as well as to the commercial circumstances to which the SolarWorld Group is exposed. The forward-looking statements are based on present-day estimates and assumptions made to the best of SolarWorld AG's knowledge. Such forward-looking statements are, however, subject to risks and uncertainties and based on assumptions that may not occur in the future.

The above shall continue to apply in the same manner in the event that amendments are made to the proposed resolutions until the end of the second Bondholders Meetings.

2. Overview of Current Situation

2.1 General Information

- SolarWorld AG supplies customers around the world with solar power modules and complete solar systems of all sizes. Additionally, the Company offers investor development and operation services for large-scale power plants. The Company's product offering and production-process involves the entire solar value chain ranging from wafers to cells to modules. The Company also runs an internal R&D department. At the moment, and due to recent market developments, external wafer sales only account for a small percentage of

overall sales , which has led the Company to increasingly shift its business mix to the top of the value chain.

- Solar World AG is the parent Company of the group. It emerged from the enterprise Franz H Asbeck, an engineering services provider for industrial sites that was founded in 1988. Solar World AG was registered as HRB 8319 with the local court in Bonn on 26 March 1999. In its role as a holding company of the group, Solar World AG is responsible for key group functions such as Controlling, Finance and Accounting, Investor Relations and Corporate Communications, as well as collaborating with its subsidiaries in determining global strategies in key areas such as Acquisition, Human Resources, Product Management, Logistics, Production Planning and Information Technology. These strategies are then implemented on a local level. The global positioning of these strategic areas was strengthened structurally in 2012 to increase the efficiency of the Company.

- The following sections illustrate the commercial development and financing structure of the group. Please refer to the Investor Relations segment of the Company's website for further information, including quarterly and annual reports:

http://www.solarworld.de/investor-relations/

2.2 Economic development of the Company

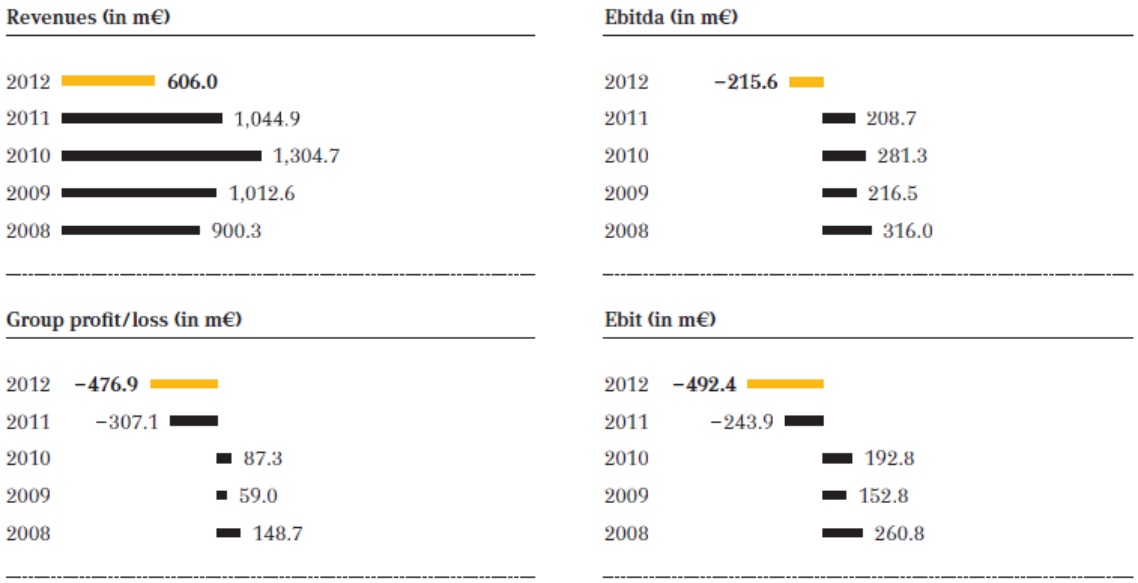

Figure 1; Five-Year development comparison of key figures (2012 figures are unaudited and subject to amendments)

In 2010 the SolarWorld group generated its highest amount of revenue in Company history. Strong reductions in feed-in compensation and continuous changes to regulatory background conditions, combined with abrupt regional shifts, caused considerable industry-wide increases in demand. The Company's historical presence in the German core market, coupled with well-established sales networks, allowed it to benefit from the increase in demand in the German market during the first

half of the year. SolarWorld's international presence additionally enabled it to benefit from changes in demand in other solar markets in the second half of the year – both in Europe and in the United States.

The Company's financial performance first started to deteriorate in 2011 as a result of industry-wide pricing pressure. During 2011 a drastic fall in prices for silicon, wafers, cells and modules occurred as a result of excess capacity and anti-competitive dumping prices by Chinese suppliers (which were recently recognised and criticized by the European Commission and the U.S. government). In addition, serious political uncertainty was caused by the reduction in solar subsidies in the form of feed-in tariffs in Europe. SolarWorld AG reacted to the unstable industry dynamics by initiating restructuring and cost saving measures; ultimately resulting in negative consolidated earnings largely due to necessary impairment losses on property, plant and equipment and inventories.

Deteriorating industry dynamics continued into 2012 and resulted in another crisis year for the solar industry as a whole. Consolidation within the solar industry additionally intensified due to excess capacity and further price declines (more than 40 percent); ultimately resulting in losses for nearly all solar companies, and insolvency for many. The Company's operating situation was subsequently impacted and dramatically worsened during 2012 as a result. The Company's shipments of wafers fell considerably, although shipments of kits and modules remained stable (however this was by no means enough to compensate for the price decline of around 40 percent). Moreover, during 2012 the Company recognized further significant impairments on inventories, property, plant and equipment and intangible assets.

2.3 Financing of the Company

Group financing is handled centrally by SolarWorld AG, which also acts as a holding Company of the group.

In addition to funding itself through operating cash flows, the Company utilizes various external financing instruments. These financial instruments include promissory note loans (**"Schuldscheindarlehen"**) in various tranches with a current aggregate outstanding balance of € 352 million, a loan provided by the European Investment Bank with a current outstanding balance of € 52.5 million, and two corporate bonds issued by SolarWorld AG with a nominal value of € 400 million and € 150 million.

2.3.1 Redeemable and annuity loans

SolarWorld AG and its subsidiaries have issued redeemable and annuity loans with different maturities that were used to finance property and photovoltaic facilities. The aggregate outstanding balance on these loans amounted to approximately € 13.4 million as of 31 March 2013, of which the most significant amount was attributable to two redeemable loans and one annuity loan with Corealcredit Bank AG in the total amount of € 6.1 million (used to finance a property). The loans are collateralized by customary security packages utilized for project and property financing.

2.3.2 Loan provided by the European Investment Bank (EIB)

The loan provided by the European Investment Bank had an outstanding balance of € 52.5 million as of 31 March 2013. The proceeds of the loan were utilized to finance manufacturing facilities in Freiberg, Sachsen that produce silicon wafers. The credit agreement was amended in October 2012 to grant a respective security package. The final maturity of the loan is 30 September 2018 and it has an interest rate of 8.069 percent p.a.

The current restructuring proposal contemplates that approximately 60 percent of the EIB loan will be reinstated and be part of the Company's financial liabilities going forward. As part of the extraordinary general meeting expected to take place in the beginning of August 2013, it is planned that the remaining claim (circa 40 percent) will be contributed in kind and exchanged for new shares (please refer to Section 4.3 for a detailed description of the restructuring proposal)

2.3.3 Promissory notes

The promissory notes (Schuldscheindarlehen) represent a current outstanding balance of € 352.0 million. The promissory notes were issued in 2007 and are comprised of the following tranches:

- Schuldscheindarlehen of J.P. Morgan Europe Limited dated 4 May 2007 in an original aggregate principal amount of € 130.0 million (current aggregate principal amount outstanding of € 90.0 million). The loan matures on 4 May 2017 and has a weighted average interest rate of 6.296 percent p.a. (split into two tranches of € 75.0 million with an interest rate of 6.463 percent p.a. and € 15.0 million with an interest rate of 5.463 percent p.a.)
- Schuldscheindarlehen of Deutsche Bank AG dated 2 February 2007 in an original aggregate principal amount of € 50.0 million. The loan matures on 2 February 2017 and has a weighted average interest rate of 5.840 percent p.a. (split into two tranches of € 30.0 million with an interest rate of 6.240 percent p.a. and € 20.0 million with an interest rate of 5.240 percent p.a.)
- Schuldscheindarlehen of Deutsche Bank AG dated 4 January 2007 in an original aggregate principal amount of € 100.0 million (current aggregate principal amount outstanding of € 97.0 million). The loan matures on 4 February 2014 and has a weighted average interest rate of 5.346 percent p.a. (split into two tranches of € 73.0 million with an interest rate of 5.470 percent p.a. and €20.0 million with an interest rate of 4.970 percent p.a.)
- Schuldscheindarlehen of Landesbank Sachsen dated 1 June 2007 in an original aggregate principal amount of € 75.0 million (current aggregate principal amount outstanding of € 65.0 million). The loan matures on 4 January 2014 and has an interest rate of 5.575 percent p.a.
- Schuldscheindarlehen of Postbank dated 25 July 2007 in an original aggregate principal amount of € 50.0 million. The loan matures on 27 June 2017 and has an interest rate of 6.790 percent p.a.

The promissory notes are unsecured and rank equal (pari passu) with all of the Company's other unsecured debt, particularly the bonds (please refer to Section 2.3.4). The promissory notes are held by banks as well as alternative investors that purchased the notes in the secondary market.

The current restructuring proposal contemplates that approximately 45 percent of the notes will be reinstated (together with the reinstated Bonds and the reinstated EIB loan **"Reinstated Debt")** and be part of the Company's financial liabilities going forward. As part of the extraordinary general meeting expected to take place in the beginning of August 2013, it is planned that the remaining claim (circa 55 percent) will be contributed in kind and exchanged for new shares (please refer to Section 4.3 for a detailed description of the restructuring proposal).

2.3.4 Bonds

In January 2010 SolarWorld issued a bond listed on the Luxembourg stock exchange that had a nominal value of € 400.0 million. As of 31 March 2013 the outstanding balance was € 387.1 million due to earlier bond buybacks. The bond matures on 21 January 2017 and has an interest rate of 6.125 percent p.a.

The Company issued an additional bond listed on the Luxembourg stock exchange in July 2011 that had a nominal value of € 150.0 million. As of 31 March 2013 the outstanding balance was € 139.4 million due to earlier bond buybacks. The bond matures on 13 July 2016 and has an interest rate of 6.375 percent p.a.

The current restructuring proposal contemplates that approximately 45 percent of the bonds will be reinstated in the form of two new publicly listed bonds and be part of the Company's financial liabilities going forward. As part of the bondholder meetings and extraordinary shareholder meeting expected to take place in the beginning of July 2013 and August 2013, respectively, it is planned that the remaining claim (circa 55 percent) will be contributed in kind and exchanged for new shares (please refer to Section 4.3 for a detailed description of the restructuring proposal).

3. Causes of the Company's crisis

SolarWorld was initially able to partially withstand the solar industry crisis arising from aforementioned price decreases beginning in 2011 by better cost reduction and efficiency improvement measures compared to other integrated premium manufacturers. However, the prolonged and accelerated pricing pressure eventually caused the Company's operating performance to plummet and become unprofitable; resulting in net losses since mid-2012.

The Company initially responded to the changing market dynamics by identifying and implementing cost reduction and efficiency improvement measures. However, due to the significant decline in sales prices, the group's cost structure could not keep pace with constantly deteriorating market conditions and operating margins, regardless of the initiated measures. Even today, margin pressure continues to intensify as a result of significant overcapacities in the market caused by the aggressive market behaviour of subsidized Asian competitors and sell-offs by producers withdrawing from the

solar market due to bankruptcies or business discontinuations. For example, in the first quarter of 2013, the photovoltaic module price was 18 percent lower throughout the industry compared to the price in 2006.

At the same time, the change in political parameters due to a reduction of feed-in tariffs in some of SolarWorld AG's key markets, in particular the German market, led to tentativeness on the buy side resulting in diminishing and also highly fluctuating demand for solar modules and systems.

In response to the worsening industry factors resulting from the crisis, SolarWorld significantly expanded its operational improvement program in late 2012 and implemented far-reaching restructuring measures that, for a great part, have already been put into effect. The Company's particular focus area has been a strict alignment of its fixed cost base to its lower business volume as well as efficiency gains and improved cost optimization in production and sales.

Notwithstanding these efforts, during 2012 the Company's liquidity strains (largely pertaining to increasing inventory levels) and non-cash-effective shortfalls in earnings (largely pertaining to impairments realized as a result of worsening market conditions) could not have been prevented.

4. Restructuring measures

4.1 Preface

SolarWorld's operational restructuring program is designed to recover and stabilize the Company's operating profitability in the short to medium-term.

However, to sustainably overcome the current industry crisis, there equally needs to be an adjustment to the Company's financing situation. This adjustment needs to take into account the Company's considerably reduced business volume and profitability aspects, as well as its competitiveness in terms of a bankable capital structure structure that is in line with industry standards, an appropriate equity position and secured liquidity.

During the course of the Company's ongoing restructuring process, SolarWorld reached an agreement with all of its promissory notes lenders and the lender of the EIB loan regarding a reduction of the Company's long term financial liabilities by approximately 55 percent; thus allowing the Company to significantly improve its financial and liquidity situation and strengthen its equity position.

Based on the principle of equitable creditor treatment as consistently pursued by the Company's board of directors, the Bonds due in 2016 and 2017 shall be equally involved in the restructuring process.

Since February 2013, the concept consisting of operating and financial measures has been continuously externally validated by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main („**PwC**") for conformance with the criteria of a positive restructuring statement

according to IDW S6 and the requirements of German federal high court rulings. PwC concluded that with implementation of the above outlined measures, a restructuring of the Company can be considered more likely than not from today's perspective.

4.2 Operating restructuring program

SolarWorld's operating restructuring program includes cost reduction and efficiency improvement measures in all relevant fix cost positions as well as in variable production and selling cost positions. In addition, non-operating assets have been identified for selling in order to generate additional liquidity headroom.

4.2.1 Purchasing/procurement measures

- **Silicon:** Existing long-term delivery contracts of silicon were previously negotiated at a time of industry-wide supply shortages and are no longer in line with current market conditions and business volumes, thereby straining SolarWorld AG's operating performance. Based on current negotiations and targeted agreements with silicon suppliers, the Company does not plan to purchase silicon in FY13 and instead plans to destock from its current silicon inventory. From FY14 onwards, the Company intends to align its purchasing activities with production volumes and renegotiate prices with suppliers to reflect market levels.
- **Global category management / global sourcing:** Reduction of purchase prices for materials and components via price renegotiations, global second sourcing strategy and switching to more beneficial suppliers i.a. for production materials like film, glass and compounds as well as for components relating to mounting systems, inverters and indirect materials.
- The purchasing department began initiating certain of these measures in 2012.

4.2.2 Operating measures aiming at production and process improvement

- **Process improvement and optimization of production input:** Reduction of production costs through continuous process improvement, increased throughput, reduction of specific raw material consumption, recycling of consumables and increased production yield.

4.2.3 Personnel measures

- **Adjustment to production capacities:** Due to low production utilization and respective impact on personnel overcapacity, the Company is reducing employee count where necessary and making use of short-time work opportunities in production and logistic centers in Germany. These measures have largely already been implemented and have resulted in corresponding cost savings.
- **Voluntary top management salary cuts:** No variable compensation for the management board as it is linked to the Company's dividend payments. Furthermore, since July 2012 the CEO has agreed to voluntarily waive the entire fixed component of his compensation.
- **Merger and integration** of affiliated group entities.
- **Reduction of overhead costs** through staff reduction in administration, marketing, sales, purchasing and logistics. These measures have largely already been implemented.

- **Reduction of personnel costs in R&D**, i.a. via planned closure of dedicated R&D related manufacturing by integrating it into the regular production process.

4.2.4 Reduction of marketing expenses

- Reduction of TV and media presence.
- Focused targeting of specific customer segments.
- Reduction of print documents and greater use of online media.

4.2.5 Measures aiming at optimization in logistics

- **Increase in personnel productivity:** Reduction in logistics deployment, via optimized resource planning, new IT-based logistics solutions and continuous process improvement.
- **Consolidation of external warehouses:** Closure of external warehouses through storage consolidation and direct shipments.
- **Optimization of goods in transit:** Reduction in transportation costs through improved utilization of cargo spaced.

4.2.6 Sale of non-operating assets

- Sale of corporate office space that is not currently being used by the Company.
- Disposal of machinery that is not currently being used due to reduced production volumes.

4.3 Financial Restructuring

In addition to the operational measures described above, the Company's proposal also includes a financial restructuring of SolarWorld AG's balance sheet. The Company's high indebtedness relative to its profitability and significantly deteriorated equity position are indicators that the Company requires a restructuring of its financial indebtedness. Furthermore, the Company's interest burden needs to be reduced in order to provide it with sufficient liquidity for day-to-day operations in light of the current difficult operating environment in which it operates.

4.3.1 Performed Financial Restructuring Measures

At the beginning of 2012 it became apparent that certain of SolarWorld AG's financial covenants under its financial indebtedness would likely be breached in the near term. Subsequently, discussions with creditors on a potential reset of the financial covenants were initiated. Modifications to the Company's financial covenants were agreed upon by lenders and successfully implemented in the middle of 2012.

However, due to SolarWorld AG's deteriorating economic and financial situation at the end of 2012, the Company mandated the accounting firm PwC to prepare a restructuring opinion pursuant to the IDW Standard S6. The Company's management board retained the investment bank Houlihan Lokey, with special experience in crisis situations, to advise them on financial restructuring options. The law

firm GÖRG, which has proven restructuring expertise, was retained to provide legal counsel on restructuring options.

Together with its advisors, the Company prepared a restructuring plan that involved the bonds, EIB loan and promissory notes (the holders of which are herein referred to as the "**Individual Creditors**"). In February 2013, PwC presented a draft of the restructuring opinion in accordance with the IDW Standard S6, which has since been updated as the restructuring process has progressed. From February 2013 onwards SolarWorld AG was involved in intense negotiations with its financial creditors on a plan to restructure the Company's indebtedness. In June 2013 SolarWorld AG reached an agreement with all Individual Creditors with regard to the major terms and conditions of a financial restructuring of the Company. As part of the envisaged restructuring plan all Individual Creditors will defer their interest claims that were due and payable since 1 May 2013.

By way of an ad hoc disclosure notice dated 17 April 2013, the management board was required to disclose that one half of the Company's share capital had been incurred (§ 92 para. 1 AktG). The publication of this loss is the subject of an extraordinary Company shareholder meeting that has been called for 11 July 2013. SolarWorld AG's preliminary and unaudited accounts in accordance with local GAAP ("**HGB-Abschluss**") for the financial year ending on 31 December 2012 show a negative respective equity position of € 38.3 million.

In order to involve the Company's creditors of its widely-held bonds in the restructuring process to the best extent possible, the management board has called for Bondholder Meetings on 22 and 23 May 2013 to provide the respective bondholders with an opportunity to appoint a common representative that will represent their interests. If bondholders are unable to reach a quorum at the May Bondholder Meetings then the Company will call for a second set of Bondholder Meetings to take place on 8 and 9 July 2013 at 10:00 am CEST for Bondholders to appoint a common representative.

4.3.2 Essential Measures

The following measures reflect the proposed restructuring of SolarWorld AG's financial indebtedness:

SolarWorld AG's balance sheet restructuring contemplates a capital reduction and reduction of financial indebtedness to a sustainable level for the Company. In particular, the current restructuring proposal assumes that the promisorry notes and bonds are reinstated at a level that represents 45 percent of the current respective amount outstanding and the secured EIB loan is reinstated at a level that represents 60 percent of the current respective amount outstanding (together, the "**Reinstated Debt**"). The Company is therefore proposing to reduce its financial indebtedness and equitise its promisorry notes and bonds by 55 percent and secured EIB loan by 40 percent.

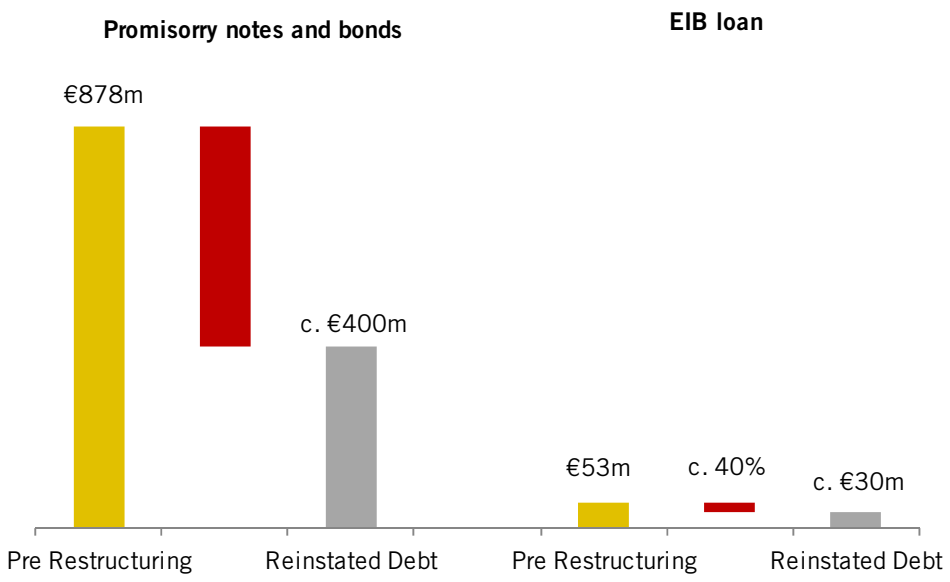

Figure 2; Presentation of the Company's debt relief

The creditors are prepared to make these restructuring contributions, among other things, only under the following terms:

- Through the grant of a purchase right, the creditors receive the opportunity to acquire new shares after a previous capital reduction at the ratio of 150 : 1 in exchange for abandoning a portion of their claim (about 55 percent or about 40 percent) by contributing that claim to the Company through a capital increase by way of a contribution in kind (so-called "**Debt-to-Equity-Swap**").

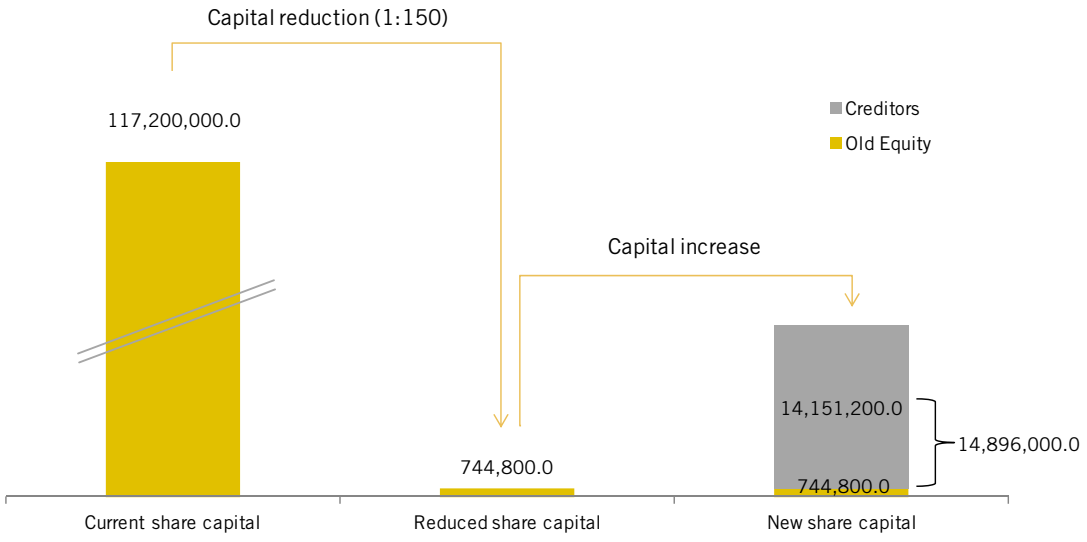

Figure 3; Capital reduction and capital increase

- Upon the effectiveness of the reduction in financial liabilities and respective capital increase, financial creditors shall initially hold 95 percent of the share capital of the Company existing at the time the capital measure becoming effective. Existing shareholders shall retain 5 percent of the share capital after these measures.

The second step of the proposal involves creditors selling and transferring 19.5 percent of the new share capital in the business to the CEO and founder Dr.-Ing. E. h. Frank Asbeck (or a company held by him). This transfer will be done in the context of the Management Incentive Plan and will be sold at an aggregate purchase price of € 9,750,000. Creditors will sell and transfer a further 29.0 percent of the new share capital to Qatar Solar S.P.C., Doha, Qatar, as a strategic investor in the Company, at a purchase price of € 36,250,000 (both transactions herein refered to as the "**Sales Transactions**"). The number of new shares purchase rights of the bondholders is reduced by the amount of shares sold though the Sales Transactions.

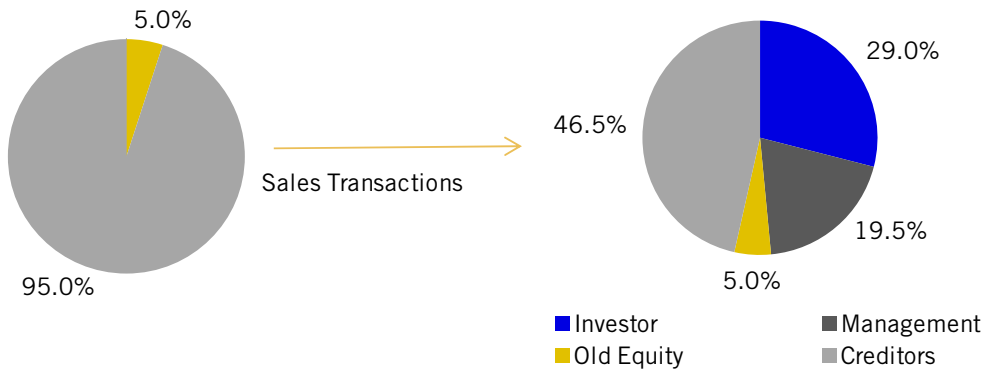

Figure 4; Capital structure

The Sales Transactions benefit creditors by providing an immediate cash payment following the implementation of the restructuring. At the same time, the CEO and founder's long-term commitment is in the special interest of the creditors and the Company. In addition, the strategic investment by Qatar Solar S.P.C. offers to the Company important development opportunities going forward.

In the case of the Bondholders, the intended partial equitization of creditor claims requires a resolution at the Bondholders Meetings. All of the notes of the respective bonds will first be transferred to a settlement center, which will then contribute the creditor claims to SolarWorld in exchange for the subscription and acquisition of the new shares. The new shares will, in turn, then be allocated to the creditors. In the context of the invitation to the Bondholders Meetings, the Company asks for the approval of this transfer. WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, with its registered office in Düsseldorf, Ludwig-Erhard-Allee 20, 40227 Düsseldorf, is intended to serve as the settlement center ("**WGZ BANK**" or "**Settlement Center**").

Due to technical reasons, bondholders will be required to transfer and contribute the full amount of their claims under their respective bonds. As such, the Company will issue two new series of bonds

in the aggregate face amount representing circa 45 percent of the current amount outstanding under the existing bonds. Under this methodology bondholders contribute their claims and achieve similar economic results as unsecured Individual Creditors (i.e. 55 percent equitization of their claim). In contrast to the existing bonds, both new bonds will be secured. With respect to the 2016 Bond, a new secured bond with a total nominal amount of € 61,244,814.54 is to be issued ("**New 2016 Bond**") and, with respect to the 2017 Bond, a new secured bond with a total nominal amount of € 174,844,355.15 is to be issued ("**New 2017 Bond**").

In exchange for transferring their notes, bondholders shall receive purchase rights for (i) a share component; and (ii) new secured note from the respective new bond. The new shares and bonds are expected to be tradable on a regulated and organized market, respectively.

In situations where bondholders are entitled to purchase rights but do not exercise them, the Settlement Center shall monetize the respective shares and notes from the new bonds and distribute the proceeds as a cash settlement to these bondholders after deducting costs.

The capital measures required for implementation require corresponding resolutions at the shareholders meeting of SolarWorld AG, which is planned to take place on 7 August 2013.

The precise resolution proposals to be discussed at the two bondholders Meetings are included in the invitations published in the Federal Gazette (i) to the Bondholder Meeting of the bondholders of the 2016 Bond on 8 July 2013, (ii) to the Bondholder Meeting of the bondholders of the 2017 Bond on 9 July 2013 and (iii) the – as yet to be published – invitation to the extraordinary meeting of shareholders, which will likely take place on 7 August 2013.

In order to implement the measures, the following is intended:

4.3.3 Capital Reduction

It will first be proposed at the Company's shareholder meeting that the Company's share capital shall be reduced. At present, the Company's share capital amounts to € 111,720,000.00 and is allocated amongst 111,720,000 shares. The proposed capital reduction proposes reducing the Company's share capital by € 110,975,200.00, from € 111,720,000.00 to € 744,800.00, in order to eliminate write-down losses and cover the Company's other losses. The proposed capital reduction will take place at the ration of 150 : 1; meaning that shareholders will receive one share post-transaction for every 150 shares presently held. The reduction shall take place by consolidating shares.

4.3.4 Capital increase in exchange for a contribution in kind by way of the contribution of creditor claims to the Company

The Company's intended debt relief via the proposed restructuring shall take place by converting portions of creditor claims for a contribution in kind. Promissory notes creditors and EIB loan creditors will contribute approximately 55 percent and 40 percent of their claims, respectively.

In the context of the capital increase, the Company's share capital will increase by €14,151,200.00, from € 744,800.00 to € 14,896,000.00, in exchange for contributions in kind. The capital increase will occur as a result of the Company's issuance of 14,151,200 of new shares at an issue price of € 1.00 for a proportionate amount of the share capital. The shareholders' statutory subscription right will be excluded.

In order to effectuate the contribution, Individual Creditors will first transfer their claims to a holding Company, which will then contribute the respective claims to the Company in accordance with the capital increase. In each case, the residual portion of the Individual Creditors' claims, including all ancillary claims that are due payable or not yet due, are subject to the transfer and the contribution. Subsequently, the holding Company will subscribe for and acquire the corresponding shares allocated to the Individual Creditors.

In a corresponding manner, bondholders will transfer their notes to WGZ Bank (in its role as the Settlement Center) and, in turn, WGZ Bank will subscribe for the new Company shares allocated for the bondholders in connection with the restructuring.

In its role as the Settlement Center, WGZ Bank will act for the bondholders to contribute the outstanding respective notes as contributions in kind to SolarWorld AG that it acquired earlier based on the resolutions (in each case including any ancillary claims due payable or not yet due), i.e.:

- 139,386 notes each with a nominal value of € 1,000.00 of the 6.375 percent Bond 2011/2016, with a total nominal value of € 150,000,000.00 (ISIN XS0641270045, WKN A1H3W6), and
- 387.055 notes each with a nominal value of € 1,000.00 of the 6.125 percent Bond 2010/2017 with a total nominal value of € 400,000,000.00 (ISIN XS0478864225, WKN A1CR73).

4.3.5 Consideration

As consideration for the transfer of their notes to the Settlement Center, creditors of both bonds shall receive:

1. A claim to the proceeds allocated to them from the intended Sales Transactions (see above Section 4.3.2) and a right to the purchase of new shares in the Company (defined in the invitation to the Bondholders Meeting and herein as "**Equity Purchase Right**"), and

2. A right to purchase the notes allocated to them under the secured bonds that are to be issued (defined in the invitation to the Bondholders Meeting and herein as "**Secured Note Purchase Right**").

The Equity Purchase Right consists, as a general rule, of a cash component and a share component:

a) The cash component in the event of the Sales Transactions (see above Section 4.3.2) grants Bondholders a per note claim to cash payments from the proceeds of the Sales Transactions. This amounts to a per note claim of € 57.84 and € 53.52 for the 2016 Bond and 2017 Bond, respectively.

b) In the event of the Sales Transactions, the share component grants the bondholders the right, on a per note basis, to either (i) purchase a specified number of new shares in the Company, or (ii) where the respective bondholder does not exercise its Purchase Right, receive of a cash settlement in the amount of the sum that WGZ BANK received as proceeds for the shares attributed to that bondholder (Equity Cash Settlement). The share conversion ratio per note is 7.31 (rounded) shares and 6.77 (rounded) shares for the 2016 Bond and 2017 Bond, respectively.

c) If the contracts for the Sales Transactions are not effective before the commencement of the period to exercise the Purchase Rights, or if the conditions precedent contained in these are not fulfilled (with the exception of payment of the purchase price), the cash component shall lapse and the share component shall be correspondingly increased (purchase right or cash settlement). In this case, the 2016 Bond and 2017 Bond shall receive, on a per note basis, a total of 16.46 (rounded) shares and 15.23 (rounded) shares, respectively.

d) The basis for the distribution of payments in the context of the Equity Purchase Right among the two bonds is the respective waiver of claims on the part of bondholders, which exists for calculation purposes as the nominal claim and accrued interest as of 30 September 2013 minus the nominal value of the secured notes. This explains the slightly different amounts for the two bonds.

The Secured Note Purchase Right grants each bondholder, on a per note basis, the right to either (i) purchase one new note of the respective new secured bond, or (ii), where the respective bondholder does not exercise its Purchase Right, receive a cash settlement in the amount of the sum that WGZ BANK received as proceeds in the context of the realization of the notes of the new secured bond attributed to the bondholder (secured note cash settlement). One note of the 2016 Bond shall receive a note of the new 2016 bond with a nominal value of € 439.39. One note of the 2017 Bond shall receive a note of the new 2017 bond with a nominal value of € 451.73.

The terms of the respective new secured bonds are included as an attachment to the respective invitation for the Bondholders Meeting. The terms of the new bonds are based on the terms of the existing bonds. The maturity of the new bonds is 5 years after the implementation date of the restructuring ("**Closing**"). The terms generally provide for four earlier repayments that are due immediately (i) post-Closing, (ii) on 30 June 2014, (iii) on 30 September 2015; and (iv) on 30 June

2016. The last repayment shall take place on the final maturity date. Provided that interest is paid on the bonds prior to Closing, these payments shall be credited against the earlier repayments under the principle of equal treatment.

The interest rate on the new bonds shall amount to EURIBOR (with a 1 percent floor) plus 5 percent p.a. The interest is payable in arrears at the end of a calendar quarter. At each interest payment date, the Company shall have an election right to pay-in-kind (PIK) interest at a higher interest rate (PIK margin) and therefore increase the principal on the respective bonds due at maturity.

Contrary to the current bonds outstanding, the new bonds are secured. The new security package that will be granted also serves to secure the remaining claims of the Individual Creditors. The security will be granted with the involvement of a security trustee. The relations among the various creditors should be governed by a so-called Intercreditor Agreement. A summary of the essential terms provided for this agreement is attached to the invitation for the Bondholders Meeting. The Intercreditor Agreement is to be finalized and entered into with the involvement of the correspondingly authorized common representative of the bondholders. The same shall apply for all further transactions that are required or appropriate in connection with the finalization of the Intercreditor Agreement.

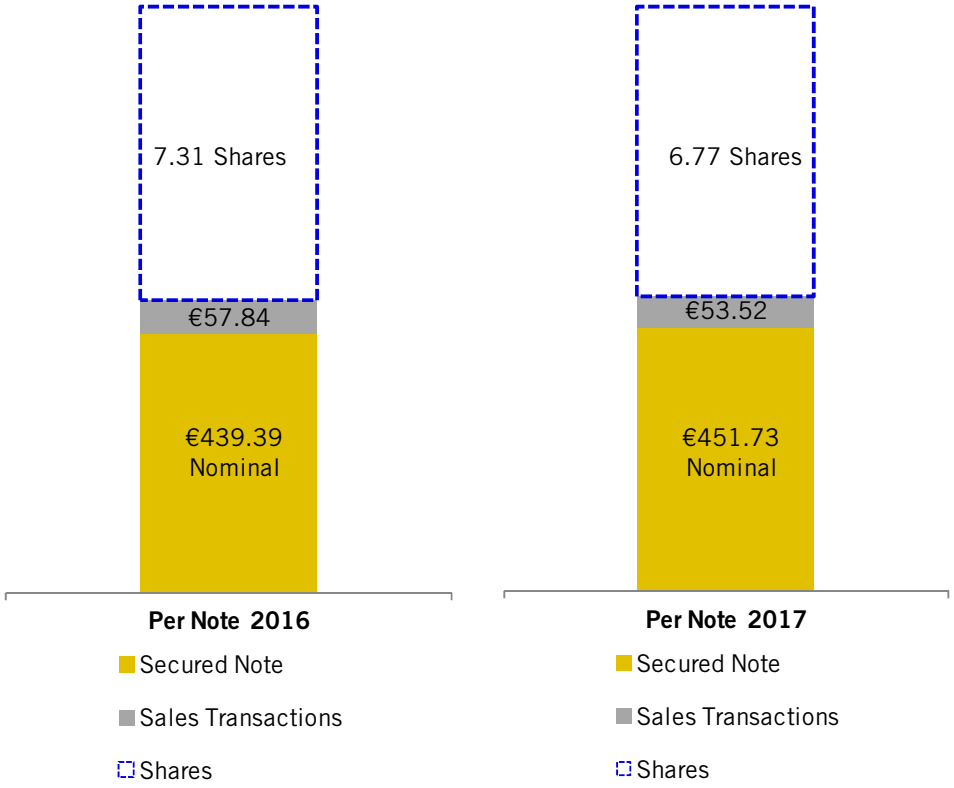

Figure 5; Consideration note 2016/2017 assuming exercise of the Equity Purchase Right and the Secured Note Purchase Right and effectiveness of the Sales Transactions

4.3.6 Terms and conditions

The implementation and effectiveness of the measures described above depend on various terms and conditions being fulfilled. It is first conditioned on passing the required resolutions at the Bondholders Meetings and the shareholders meeting that become implementable.

The above-described Purchase Rights may only be exercised once the Company has respectively published a purchase offer. In the purchase offer, the Company shall set a date by which the bondholders will be requested to exercise their respective Purchase Rights. This period will likely last two weeks.

The Company will publish its purchase offers only after securities prospectuses have been approved by the Federal Financial Supervisory Authority and published for the public offering of (i) the new shares and (ii) the notes from both new bonds.

5. Enterprise value and fair value of the contribution in kind

5.1.1 Methodology

The restructuring agreement between SolarWorld AG and the creditors intends for a deposit of pro-rata debt claims at SolarWorld AG with a nominal volume of € 483.3 million (of a total nominal volume of € 878.4 million), as well as € 21.0 million of the EIB-loan (of € 52.5 million nominal value) in return for the issuance of new shares.

The debt claims to be deposited by the creditors consist of the EIB-loan, eight promissory notes (considering part instalments) and two bonds. The total nominal value of these debt claims amounts to around € 930.9 million.

In order to assess the required appropriate exchange ratio for the planned capital increase, the value of the contribution in kind is to be measured up against the equity value of SolarWorld AG.

The executive board has decided upon the exchange ratio described in more detail below. This ratio is based on the enterprise valuation of the SolarWorld AG and the fair value of the debt claims to be deposited ("**valuation results**") by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as well as the resulting evaluation of the executive board.

For the valuation of the enterprise and the debt positions, PwC was contracted as an independent expert.

The valuation was carried out in accordance with the current standards of the Institut der Wirtschaftsprüfer e. V., Düsseldorf (Institute of Public Auditors in Germany, Incorporated Association, "**IDW**"), specifically IDW S 1 "Principles for the Execution of Business Valuations" in the version dated 2 April 2008.

In order to assess an appropriate range for the fair value of equity for SolarWorld AG, PwC in accordance with IDW S1 calculated in a first step an enterprise value (Discounted-Cash-Flow ("**DCF**")-valuation) as of 7 August 2013, the prospective date of the extraordinary general meeting at which the resolution is adopted. The financial forecasts were checked for plausibility and supplemented with a sensitivity scenario corresponding to the on-going reorganizational measures. For the purpose of this enterprise valuation and hence the implied equity value, we assumed that the business subject to valuation will continue as a going concern in the future. The financial forecasts are based on the premises of a successful restructuring of the debt structure (see 4.3.2). It has to be noted that significant adverse effects on the results of operations, which would have value-reducing implications for the enterprise value, are very likely to take effect, should the implementation of restructuring measures (in particular the debt-equity swap) fail.

The market value of equity is calculated by deducting financial liabilities from these enterprise values.

In order to calculate the fair value of the debt claims to be deposited the contractually fixed cash flows were taken as a basis under consideration of appropriate default probabilities and recovery rates in case of default and were discounted to the valuation date using an appropriate discount rate.

5.1.2 Enterprise value

So as to determine the appropriate range of enterprise values expected future cash flows were established and subsequently discounted to the valuation date ("**DCF-Value**"). In this way the projected so-called free cash flows i.e. cash flows pertinent to debt and equity holders were discounted to the valuation date with a time and risk equivalent discount rate.

Initially, the subject of the valuation was the derivation of future earnings before interest and taxes (EBIT). The projected EBIT were then translated into free cash flows to be discounted. Fist taxes as applicable for a debt-free corporation were deducted from the EBIT. Corporate taxes include foreign income taxes as well as for domestic income the applicable German trade taxes, corporate income taxes and the solidarity surcharge.

For the derivation of free cash flows pertinent to debt and equity holders non-cash items based on the projected balance sheets were eliminated and replaced by corresponding earnings and expenses. In this way capital expenditures are considered rather than depreciation and changes in other assets or liabilities e.g. the net working capital are taken into account.

The cost of equity and cost of debt weighted by the respective portions of debt and equity in the capital structure (the so-called "**WACC**"; weighted average cost of capital) was taken as a discount rate. The WACC states the minimum required return to be generated by the valuation subject for its debt and equity holders so that they are no worse off than with the next best alternative.

As of 7 August 2013 the calculations of PwC result in an enterprise value (value of equity plus debt) for the SolarWorld AG of around € 495 million for the sensitivity forecasts and around € 610 million for the management case.

5.1.3 Valuation of the equity capital

The existing equity claims are subordinate to the claims of any debt holder. Hence a positive equity value under strict application of the above mentioned procedure and in accordance with IDW S1 is only possible if the debt claims of all debt holders are fulfilled in a timely manner. According to the analyses by PwC however the upper-limit of the range of enterprise values of around € 610 million is far below the nominal debt claims of the Company's debt holders. These amount to € 526.4 million for bonds, € 404.5 million for the EIB-loan and the promissory notes and € 14.2 million for other debt positions. Overall this accumulates to € 945.1 million outstanding nominal debt (excl. accrued interest expenses), which have to be served first. Therefore no positive equity value remains after the deduction of debt holder claims so that the value per share of SolarWorld AG is set at € 0.

In case the positive continuation is denied on the basis of the financial restructuring, the financial forecasts underlying the enterprise value calculation are very unlikely to occur. It has to be assumed that in any of the alternative scenarios insolvency of the corporation with subsequent continuation and insolvency with far-reaching divestures significant losses will materialise. In this way a continuation without the assumption of financial restructuring would induce adverse effects ranging from lower revenues, higher operational expenses and a negative development of net working capital to even the divesture of the Company.

Consideration of these negative impacts was unnecessary for this case because already for the two applied cases a negative calculatory equity value is derived which means in turn that the equity value would be equal to € 0 even for the alternative scenarios. Consequently the capital would not last suffice to satisfy the debt holders for these scenarios and hence no capital would remain to be distributed among the shareholders.

The current market capitalization of the corporation at the stock market amounts to around € 80.0 million (XETRA closing price as of 13 June 2013) and is thus not justifiable with a positive fair value. The share price is not relevant for this valuation. Because detailed planned restructuring measures are not frequently published, market participants neither have a detailed insight into the current state of the corporation nor extensive information about the value-based implications of the restructuring measures. This typically leads to inaccurate assessments regarding the equity value and hence to distortions of the observable share prices. Moreover share price movements are characterized by a high volatility. The share price seems to be positively influenced because of speculative hope for the successful execution of the restructuring. Furthermore, one has to consider

that for the execution of the debt-equity swap the current shareholders are dependent upon the creditors and that their claims are subordinate to the creditors'.

5.1.4 Valuation of debt positions to be deposited as a contribution in kind

The value of a contribution in kind is generally determined by the fair value. If there is an active market the fair value is to be derived from the market price. If the observable market price due to extraordinary circumstances does not provide a credible value, the fair value is to be derived using generally accepted valuation methods.

While the EIB-loan as well as the promissory notes are not traded on a public market, bonds are listed at the stock market. In this case the current reorganization as well as the announcement of restructuring measures have led to a significant slump in the price of bonds. The executive board assumes that this was caused by the increased insecurity of bond holders regarding the continuation of the business. Moreover bond holders are generally more risk averse than shareholders. Because detailed planned restructuring measures are not frequently published, market participants neither have a detailed insight into the current state of the corporation nor extensive information about the value potential of the restructuring measures or their progress. This typically leads to inaccurate assessments regarding the best possible utilization of these debt claims and consequently to distortions of the observable market prices. Moreover price movements of these bonds are characterized by a high volatility. Against this background, the derivation of the fair value was conducted based on generally accepted valuation methods.

With the so-called indirect valuation one can assess the value of debt claims against a corporation with a weak credit rating using the value of the debtor's operations. Particularly useful is the derivation of the value of debt claims on the basis of the enterprise value in accordance with IDW S1, a measure of the value of the operations independent of the financial structure of the Company. On the basis of the determined range of enterprise values from around € 495 million to around € 610 million, one can derive a calculatory value of around € 55 million to around € 170 million for the debt claims to be deposited, having subtracted the remaining liabilities amounting to € 426.7 million as well as other debt claims amounting to € 14.2 million.

It has to be pointed out that potential adverse effects are not incorporated fully using the indirect valuation because the likelihood of scenarios resulting in divestures and hence imply lower valuations are not considered in the going-concern scenario.

This is why we next to the indirect method, conducted an additional method through which the value of debt claims can be determined directly. Here the value is set to what a lender would ascribe to debt claims with a comparable default probability, i.e. how much he would be willing to additionally invest for the nominal payments related to these debt claims, today. The so-called "**Expected Loss-Model**" used to calculate this basically determines the value for the debt claims from the present value of the debt service payments (planned interest and repayments) or the default on these payments over the agreed upon payback period multiplied by the probability of their occurrence.

Based on the Expected Loss-Model the range of fair values of debt claims with a nominal value of € 930.9 million extends from around € 460.0 million to around € 510.0 million. In this way the range of the pro-rata fair values for the portion of debt claims to be deposited as a contribution in kind with a nominal value of € 504.2 million extends from around € 250.0 million to around € 280.0 million.

Even after subtracting the entire nominal value of the remaining liabilities amounting to € 426.7 million, i.e. the portion that is not to be deposited as a contribution in kind, as well as the other remaining creditor positions, the fair value of the contribution in kind on the basis of the Expected Loss-Model is distinctly higher than the planned capital increase of € 14.2 million.

Furthermore, for the purpose of validating the range of values calculated for the contribution in kind, we looked at the price that creditors could generate in the market with a sale of their portion of debt claims to be deposited as a contribution in kind. Due to speculative influence on market price this analysis is only to supplement the validation. Under consideration of current bond prices of 20 percent to 30 percent of the nominal value for the 2016- and 2017-bond respectively one can extrapolate the values for the debt claims to be deposited. Using a quota-based allocation among creditors these values range from around € 100.0 million to around € 150 million, so a fair value for the contribution in kind is also distinctly higher than the planned capital increase of € 14.2 million.

5.2 Determination of the exchange ratio

In order to assess the required appropriate exchange ratio for the planned capital increase, the value of the contribution in kind is to be measured up against the equity value of SolarWorld AG.

Since in this case the internal value, meaning the market value of equity per share is equal to € 0, the current equity value would have to be set equal to € 0 and the creditors would be the sole shareholders of the corporation.

But because the current shareholder's approval is required for the capital increase and because the share exhibit a value independent of the internal value at the stock market, the executive board of SolarWorld AG has decided to allocate 5 percent of equity to the current shareholders.

Against the background of the fair value of equity of € 0 and a distinctly positive fair value for the debt claims to be deposited calculated by PwC, the executive board assumes that an allocation of a 5 percent share of the increased equity capital to the current shareholders is not inappropriately low and will thus not be objected to by the current shareholders.

Correspondingly, the proposed issue price of € 1.00 per share and the respective exchange ratio for the shareholders is not inappropriately low according to § 255 Abs. 2 AktG because for the assessment of the appropriate exchange ratio for the shareholders in the context of a capital increase one has to apply the fair value of the debt claims to be deposited in the context of the contribution in kind.

Overall creditors will receive a total of 14,151,200 shares and the current shareholders will receive a total of 744,800 shares of the increased share capital.

5.3 Derived measures regarding the capital

The extraordinary general meeting is supposed to receive a proposal stating an initial reduction of share capital, so as to subsequently increase it via a pro-rata deposition of bonds as well as promissory notes into the corporation as a contribution in kind.

The steps to achieve this are as follows:

- A reduction of the share capital from around € 111,720,000.00, made up of 111,720,000 no-par shares, to around € 744,800.00.
- An increase of the share capital through the issuance of 14,151,200 new shares in return for the deposition of debt claims as a contribution in kind.

6. Timetable

The above measures should be implemented on a timely basis. The respective second Bondholders Meetings for both bonds for the appointment of a common representative of the respective bonds have been called for 8 and 9 July 2013, in each case at 10:00 am. The respective Bondholders Meeting of the creditors of both bonds for the passing of the resolutions on the restructuring is called for 8 and 9 June 2013, in each case at 3:00 pm. If the respective meeting does not attain the quorum required, the Company shall immediately call a second meeting that should take place at the beginning of August 2013. The meeting of shareholders to pass the resolutions on the restructuring is planned for 7 August 2013.

Once the resolutions of the Bondholders Meetings and the shareholders on the restructuring have been passed and are able to be implemented, in accordance with the plan, the Company shall publish separate purchase offers with regard to the Purchase Rights that the Bondholders acquire in exchange for the abandonment of their notes; by accepting these offers, the bondholders may exercise their Purchase Rights. Under the plan, this shall be preceded by the publication of BaFin-approved securities prospectuses for the new shares and the new bonds.

The purchase offers shall provide that the bondholders must exercise their Purchase Rights within a specific period, which will most likely be two weeks. Subsequently, the Settlement Center shall distribute the new shares and the new bonds to the creditors who have exercised their respective Purchase Right, or shall pay the cash settlement to the creditors which have not exercised their respective Purchase Right.

In connection with this, the notes acquired by the Settlement Center and the claims of the Individual Creditors to be contributed shall be contributed to the Company in the context of the capital increase. Upon the registration of the capital increase in the commercial register, the capital measures will have been implemented (Closing) and the restructuring contributions of the creditors will generally become effective. The management board currently expects that Closing will occur in the period from November 2013 to February 2014.