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AGENDA

➔ Highlights and operational review – Ole Enger
➔ Financial review – Bjørn Brenna
➔ Outlook and Q&A – Ole Enger
Market development

- Further deterioration of market conditions in Q2’09
  - PV financing still the main bottleneck
  - Increasing inventories and lower prices
- Lower demand in 2009, industry analysts estimate +/- 5 GW
  - General economic downturn
  - Reduced availability of funding
  - Sharp reduction in Spain
- Certain signs of volume improvements in 2H’09
  - However, continued significant pressure on module prices due to considerable overcapacity
- Global demand estimated to increase to 7 - 8 GW in 2010
  - Policy initiatives in regions like Australia, Canada, China and India
  - Effect of Obama stimulus bill
  - May take time before stimulus packages result in increasing demand
Highlights

- Revenue growth of nine percent from Q2’08
  - Higher sales from REC Silicon and REC Wafer

- EBITDA of NOK 218 million, nine percent margin
  - Temporarily reduced production due to weaker market
  - Large one-off provisions (NOK 308 million)
  - High expansion cost and ramp-up costs (NOK 79+119 million)
  - Loss on sales and write-down of cell and module inventories (NOK 107 million)

- Underlying EBITDA margin was 36 percent
  - Adjusted for the above (junction box, expansion/ramp-up cost and inventory loss/write-down)

- Strengthened financial flexibility through
  - Equity issue of gross NOK 4.5 billion and additional debt of NOK 3 - 4 billion
  - Financial covenants headroom increased

- Silicon III started commercial ramp-up in line with revised schedule
REC Silicon: Highlights

➔ Production of polysilicon
  - Up 12 percent from Q2'08, marginally down from last quarter
  - Stable output from Siemens based production capacity

➔ Higher sales of silane gas
  - Supported by stronger LCD/flat panel display market

➔ Average sales prices
  - Flat compared to 2008 average
  - Marginally down from Q1'09 - affected by product and customer mix
REC Wafer: Highlights

➔ Production
  - Up 36 percent from Q2'08 and seven percent from Q1'09

➔ Temporary reduction in production capacity in late Q2'09
  - Due to challenging market conditions
  - Less internal sales to REC Solar
  - Planning for gradual increase in capacity utilization based on 2H'09 commitments

➔ Average sales price
  - Slightly down compared to 2008 average, determined in long-term contracts
REC Solar: Highlights

➔ Production
- Module production up 35 percent from Q2’08 and on level with Q1’09
- Running at ~50 percent of combined cell and module capacity in Q2’09
- Returning to full module capacity during late August, cell production aligned to module production

➔ Inventories
- Unable to reduce module inventory levels in Q2’09

➔ Market development
- ~35 percent module price reduction in Q2’09 compared to 2008 average
Moses Lake: Silicon III and IV

- Produced and sold ~50 MT of FBR material in Q2’09

- FBR discharge pipe issues
  - Redesigned and modified equipment implemented in May
  - Test runs undertaken during second half of May and June
  - Technical capabilities and quality potential confirmed

- Ramp-up of commercial production started in line with the revised ramp-up schedule
  - Working hard to achieve stability in the process

- Silicon IV progressing according to plan
The Singapore project

- The Singapore project is progressing according to schedule and is approximately 75 percent complete

- The project continues to trend towards lower CAPEX compared to initial investment case
  - Due to strong performance from all main contractors
  - More favorable construction market

- Commercial production is expected to commence in the first half of 2010
The Singapore facilities
The Singapore facilities
REC Group: Financial highlights

**EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>Q2'08</th>
<th>Q3'08</th>
<th>Q4'08</th>
<th>Q1'09</th>
<th>Q2'09</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOK million</td>
<td>889</td>
<td>711</td>
<td>936</td>
<td>527</td>
<td>218</td>
</tr>
</tbody>
</table>

**Revenues**

<table>
<thead>
<tr>
<th></th>
<th>Q2'08</th>
<th>Q3'08</th>
<th>Q4'08</th>
<th>Q1'09</th>
<th>Q2'09</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOK million</td>
<td>2121</td>
<td>1919</td>
<td>2013</td>
<td>2380</td>
<td>2308</td>
</tr>
</tbody>
</table>

**Margin: 9%**

**EBIT**

<table>
<thead>
<tr>
<th></th>
<th>Q2'08</th>
<th>Q3'08</th>
<th>Q4'08</th>
<th>Q1'09</th>
<th>Q2'09</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOK million</td>
<td>716</td>
<td>537</td>
<td>696</td>
<td>302</td>
<td>-97</td>
</tr>
</tbody>
</table>

**Margin: -4%**
## REC Group: Condensed income statement

<table>
<thead>
<tr>
<th>(NOK million)</th>
<th>Q2’09</th>
<th>Q2’08</th>
<th>Change</th>
<th>YTD’09</th>
<th>YTD’08</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>2,308</td>
<td>2,121</td>
<td>+9%</td>
<td>4,321</td>
<td>3,892</td>
<td>+11%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>218</td>
<td>889</td>
<td>-75%</td>
<td>745</td>
<td>1,631</td>
<td>-54%</td>
</tr>
<tr>
<td><strong>EBITDA-margin</strong></td>
<td>9%</td>
<td>42%</td>
<td>-33%-p</td>
<td>17%</td>
<td>42%</td>
<td>-25%-p</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>-97</td>
<td>716</td>
<td>N/M</td>
<td>205</td>
<td>1,295</td>
<td>-84%</td>
</tr>
<tr>
<td><strong>EBIT-margin</strong></td>
<td>-4%</td>
<td>34%</td>
<td>-38%-p</td>
<td>5%</td>
<td>33%</td>
<td>-28%-p</td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td>-624</td>
<td>-8</td>
<td>N/M</td>
<td>-326</td>
<td>-259</td>
<td>N/M</td>
</tr>
<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>-721</td>
<td>708</td>
<td>N/M</td>
<td>-121</td>
<td>1,036</td>
<td>N/M</td>
</tr>
</tbody>
</table>
REC Silicon: Key financials

- Revenues up 47 percent from Q2’08
  - Slightly down from Q1’09
  - Prices in Q2’09 were flat compared to 2008 average
  - Higher sales of silane gas offsets slightly lower sales of polysilicon compared to Q1’09

- EBITDA up 44 percent from Q2’08 and on level with Q1’09
  - Silicon III contributed negatively with NOK 99 million in Q2’09
  - Regular expansion costs amounted to only NOK 5 million in Q2’09
REC Wafer: Key financials

- Revenues up 21 percent from Q2’08, down 4 percent from Q1’09
  - Finished goods inventories increased by ~20 MW
  - Average sales price slightly down compared to 2008 average, determined in long-term contracts

- EBITDA down 38 percent from Q2’08 and up 33 percent from Q1’09
  - Negatively affected by low capacity utilization and high raw material cost
  - Expansion cost of NOK 33 million
  - Negative contribution of NOK 20 million from Herøya IV and Glomfjord mono

![Bar chart showing revenues and EBITDA from Q2'08 to Q2'09.](chart.png)

- Margin: 21%
- NOK million
REC Solar: Key financials

» Revenues
  - Running at ~50 percent capacity in Q2'09 due to weaker market
  - ~35 percent lower module price in Q2'09 compared to 2008 average

» EBITDA
  - A non-recurring junction box provision of NOK ~308 million
  - Loss on sales and write-down of cell and module inventories of NOK 138 million, due to lower realized prices
  - Expansion cost of NOK 37 million in Q2'09
  - Low capacity utilization and price reductions
REC Group: Capital structure

Assets

<table>
<thead>
<tr>
<th></th>
<th>30.06.2008</th>
<th>30.06.2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other current assets</td>
<td>14204</td>
<td>2361</td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>2248</td>
<td>1764</td>
</tr>
<tr>
<td>Non current assets</td>
<td>5070</td>
<td>5070</td>
</tr>
</tbody>
</table>

Equity and liability

<table>
<thead>
<tr>
<th></th>
<th>30.06.2008</th>
<th>30.06.2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non interest bearing liabilities</td>
<td>12335</td>
<td>2902</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>3576</td>
<td>6260</td>
</tr>
<tr>
<td>Shareholder equity</td>
<td>15412</td>
<td>13372</td>
</tr>
</tbody>
</table>
Net debt and funding

Net debt increased by NOK 2.8 billion in Q2'09 and amounted to NOK 10.3 billion at June 30, 2009 (excluding Sovello)

Strengthened financial flexibility through
- Equity issue of gross NOK 4.5 billion and additional debt of NOK 3 - 4 billion
- Financial covenants headroom increased

Including new equity raised in July, net debt is approximately NOK 6 billion (excluding Sovello)
Outlook – operations

- REC Silicon:
  - Expect continued stable output from Siemens-based production capacity
  - Silicon III commercial ramp-up started in line with earlier communication, continue to strive for stable production
    - Intermittences to be expected going forward

- REC Wafer:
  - Continue into the third quarter with reduced production, limited production in July
    - Expects to return to full capacity during Q3’09
  - Have so far in the third quarter made contract adjustments towards some customers for Q3/Q4’09

- REC Solar:
  - Continue into the third quarter with reduced production, no production in July
    - Expects to return to full module capacity towards the end of August, cell production aligned to module
  - Expect average module price for 2009 down by around 35 percent compared to 2008
  - The weak financial performance is not sustainable
    - Western producers challenged by the competitive position of Asian producers
    - Significant measures being taken to reduce costs in Narvik/Glava
  - REC’s competitive position will be significantly improved with the Singapore plant