



**Cowen and Company
39th Annual
Technology Media &
Telecom Conference**



Are your modules STR Protected™?

June 1, 2011

Safe Harbor Statement



This presentation contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including with respect to our guidance. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in STR Holdings’ Form 10-K filed March 11, 2011 with the SEC, as well as in subsequent periodic SEC filings. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement you see or hear during this presentation reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.



Business Overview

Dennis Jilot, Chairman, President
and Chief Executive Officer



Global Leader in Solar Encapsulation



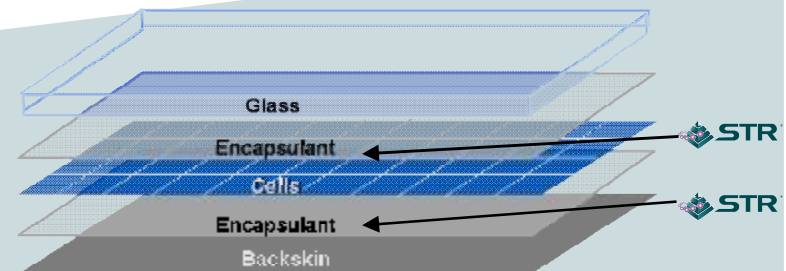
STR Solar Has Been Making Encapsulant Since 1975

- n Leading supplier of encapsulant to the industry
- n 2006 – 2010 revenue growth: 55% CAGR
- n First to develop EVA solar encapsulant
- n 2006 – 2010 operating cash flow: 28% CAGR
- n Track record of near 100% retention with significant customers
- n Recognized for technology and innovation

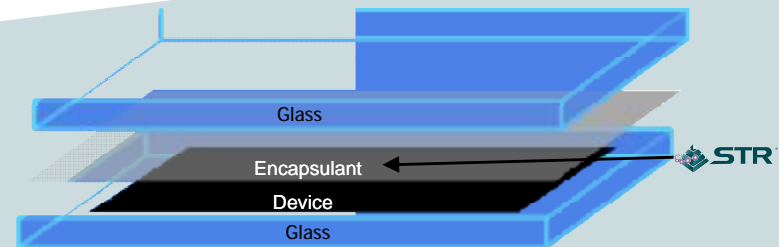


Encapsulant is a Critical Component of Solar Modules

Typical Crystalline-silicon module stack



Typical Thin-film module stack



Critical Component for c-Si and Thin-Film Modules

- n Adheres components
- n Provides electrical isolation
- n Protects cells from damage
- n Allows expansion and contraction
- n Provides moisture barrier
- n Remains clear and flexible for 25+ years

Defensible Business Model with High Switching Costs



Proven Track Record of Customer Retention

- n 35-year track record with close to 100% retention with significant customers
- n History of innovation to meet evolving customer requirements

Differentiated Products

- n STR's superior dimensional stability increases yields and throughput
- n STR develops proprietary solutions for specific customer applications
- n Proprietary encapsulant formulations and trade secret manufacturing technology

Switching Requires Re-certification

- n Up to 12 month testing and verification cycle
- n May require modification of manufacturing process and equipment

STR Encapsulant is a Critical Component

- n Critical to longevity and power output of solar modules
- n Module manufacturers typically provide 25-year warranties
- n Customers and project lenders increasingly focused on module quality

Encapsulant is a Small Fraction of Module Cost

- n Typically less than 5% of overall module cost

High Risk and Cost to Switching



How will STR Continue to Grow?

- n Continue to Gain Share with Blue-Chip Customer Base
- n Continue to Expand Share in Asia
- n Continue Cost Reduction Efforts
- n Improve Brand Awareness of Superior Product Performance
- n Increase Technological Superiority
- n Leverage Global Manufacturing Footprint

Distinct Competitive Advantages Make STR the Global Encapsulant Leader and Enhance its Long-Term Vitality

Continue to Gain Share with Blue-Chip Customer Base



Key Module Manufacturers

- n Bosch
- n BP Solar
- n Canadian Solar
- n China Sunergy
- n Conergy
- n EGing Solar
- n First Solar
- n Flextronics
- n Hanwha SolarOne
- n Hareon Solar
- n Hyundai
- n Jabil
- n JA Solar
- n Jiawei Solar
- n Jinko Solar
- n Kyocera
- n LDK Solar
- n Mitsubishi
- n Motech
- n Prime Star Solar
- n Q-Cells
- n REC
- n Renesola
- n Sanyo
- n Schott
- n Sharp
- n Solar-Fabrik
- n Solar Frontier
- n Solarwatt
- n SolarWorld
- n Solon
- n Suntech
- n SunPower
- n Trina Solar
- n Yingli Solar

Q1 2011 Top 10 Customer Portfolio

- n 4 largest customer contracts renewed
- n 3 of top 10 are contract manufacturers
- n Sales to our top 10 increased 46% Y/Y

Benefits of Customer Contracts

- n Promotes operational and capital efficiency
- n Formalizes customer relationships
- n Enhances visibility

Excluding Japan, STR Serves 22 of the Remaining 31 Module Manufacturers Above

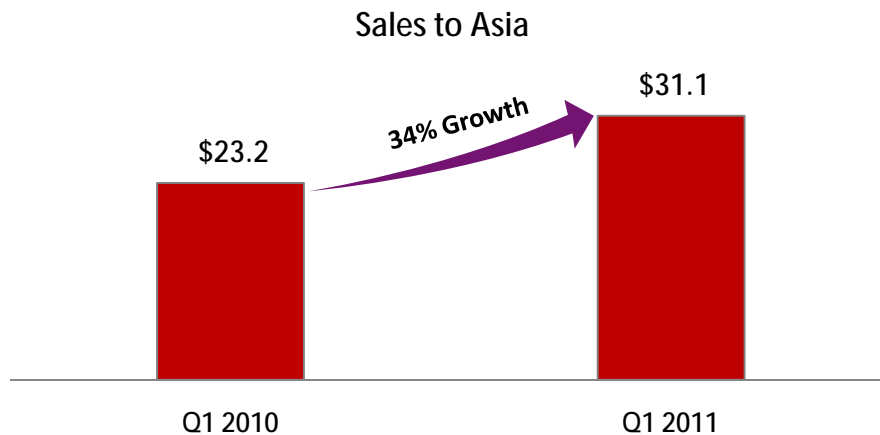
Continue to Expand Share in Asia



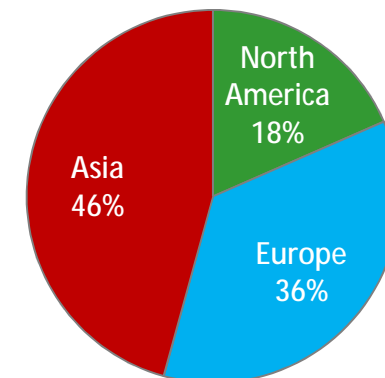
Sales to Asia grew 141% in 2010 compared to 2009

Continued Strong Sales Growth to Asia in Q1 2011

- n Shipped to two new world-class Chinese customers in Q1 2011
- n Q1 2011 sales to Asia grew 34% compared to Q1 2010 and now represent 46% of all Solar sales



Q1 2011 Geographical Mix



Future Growth Enablers

- n Greenfield site in China selected, currently building supply chain and legal structure in China
- n Malaysia facility's doubling of floor space completed; Additional capacity to become operational in Q3 2011
- n Working with potential customers on qualification

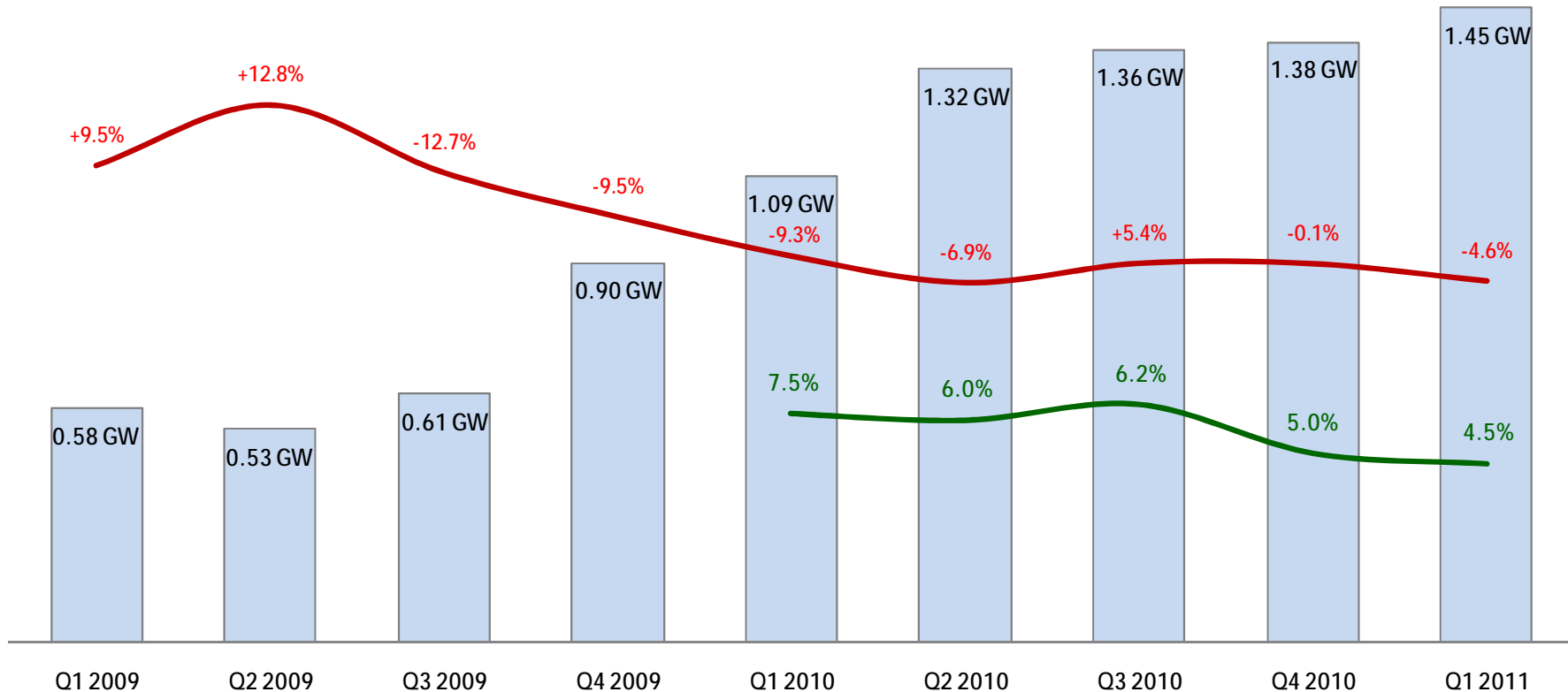
STR has Demonstrated Strong Growth in Asia and is Well Positioned to Capture Additional Market Share

Continue Cost Reduction Efforts



Manufacturing Cost Reductions

- GW(s) Shipped
- Change in COS per SM Shipped
- Internal Scrap



Continued Benefit from Improvement in Yield, Raw Material Usage and Higher Production

Q1 Cost Reduction Efforts

- Malaysia facility increasing scale
- Raw material efficiency
- Enhanced inventory control
- Supply chain quality process initiatives
 - *Raw material specifications*
 - *On-line corrective action system*
 - *Increased vendor audits*
- Improved performance on increased production levels
- Raw material scrap reduced to 4.5% from 5.0% sequentially

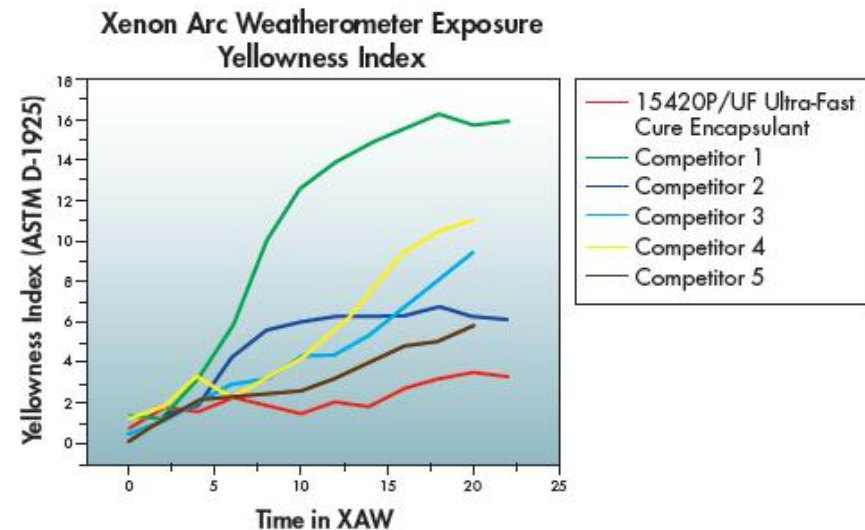
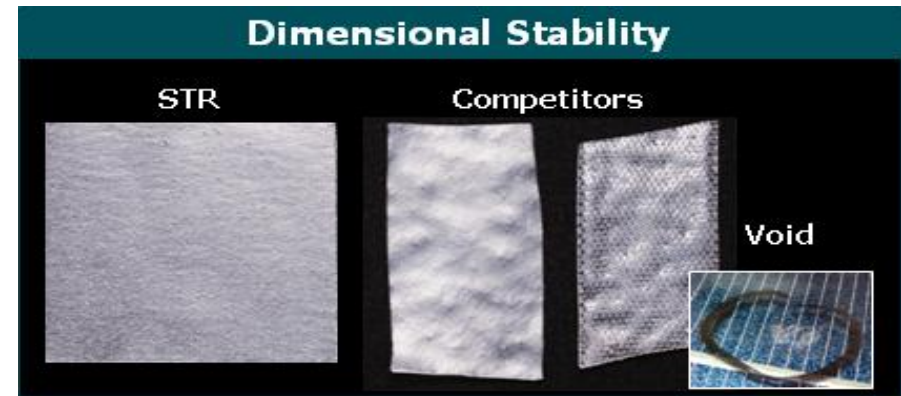
Future Actions

- Formalization of lean and 5S principles
- Implement enhanced ERP capabilities
 - Warehouse management system
 - Real-time quality module
- Increased absorption from “free” 20% capacity
- Eliminate paper - ~15% of material cost
- Machine optimization to reduce down time and change over time
- Recycling of “rejected” resin
- Continued reduction in scrap
- Increased global supply chain quality audits
- Continue to qualify new vendors
- Continue to optimize global footprint

Improve Brand Awareness of Superior Product Performance



- n Superior dimensional stability lowers module processing cost
 - Eliminates shrinkage
 - Eliminates voids
 - Increases throughput
- n Protects high-quality module brands
 - Superior long-term module reliability and performance
 - Increases module power output
 - Increases lifetime
 - Reduces risk of warranty claims
- n Superior level of technical service
- n STR Protected™
 - Leverage proven track record of field performance for over 35 years
 - +10 Gigawatts of STR Protected™ Modules in the field
 - Project “Bankability”
 - Market to lenders, insurance companies, project developers



Protects Customer Brand While Lowering Processing Costs – Are You STR Protected™?

Are your modules STR Protected™?




STR PROTECTED BANKABILITY

Solar Module "Bankability"™ is a Direct Function of Reliability and Durability.

- STR Has Been Making Quality Encapsulants Since 1975
- >10 Gigawatts of STR Protected™ Modules in the field
- No Reported Failures of STR Encapsulants in Fielded Modules
- Unsurpassed Long-term Optical Performance of STR Encapsulants Facilitates Maximum Power Output

"Bankability" is a financial industry term defined as "preferential to a bank" and "dependable and reliable."

Bankability in the solar energy industry is another word for "risk mitigation."

Role of Encapsulant

- Bond All Components Together
- Electrical Isolation
- Protect Cells from Damage
- Allow Expansion and Contraction
- Remain Clear and Flexible

Reliability requires accurate, repeatable formulation, top quality raw materials and strict process control.




STR PROTECTED TIME-TESTED

STR-Owned Test Tracker in Arizona Yields 22-Year Weathering Exposure and Power Analysis.

Should you wager the value of your installation on advanced weathering data? When you're STR Protected™, you won't have to!

Plotted below is STR's hexaxis tracker in Tempe, AZ, USA - one of the sunniest places on earth. STR Solar's sealed modules with our key plastic encapsulant formulations on this tracker in 1996 to evaluate their effectiveness at maintaining power output under the harshest of real-time, actual outdoor conditions - and continue to monitor them to this day. Our confidence is **data-driven**. Accept no substitutes.



Power tracking orientation factor of 1.6 yields 22 years



STR Ultra-Tech Core Encapsulant

STR Ultra-Tech Core Encapsulant

STR PROTECTED ADVANCED ENGINEERING

High Technology Formulations to Protect Efficiency

Yarrow Air Accelerated Aging


% Transmission Loss vs. EVA Yellowing

Encapsulant discoloration reduces module power output.

High Temperature (130°C Heat Soak)

Poorly Formulated Encapsulants Will Degrade More Rapidly in High Temperature Environments, Reducing Module Output.

STR encapsulants outperform the competition in high temperature accelerated weathering.



Increase Technological Superiority



People

- n Doubled scientific and technical service team since last year
- n Developing technical service team in China

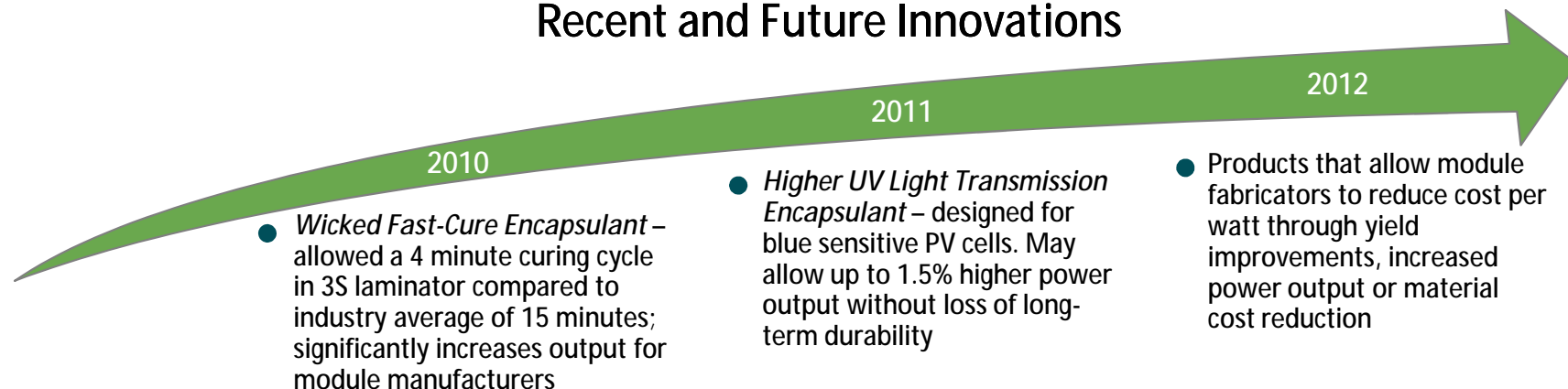
Process

- n Stage Gate process adopted for new product development and commercialization
- n R&D processes are being integrated with supply chain and quality groups

Investment

- n 20,000 square foot state-of-the-art research and development laboratory to be completed in Q1 of 2012
- n Technical service labs being established in Malaysia and Shanghai

Recent and Future Innovations



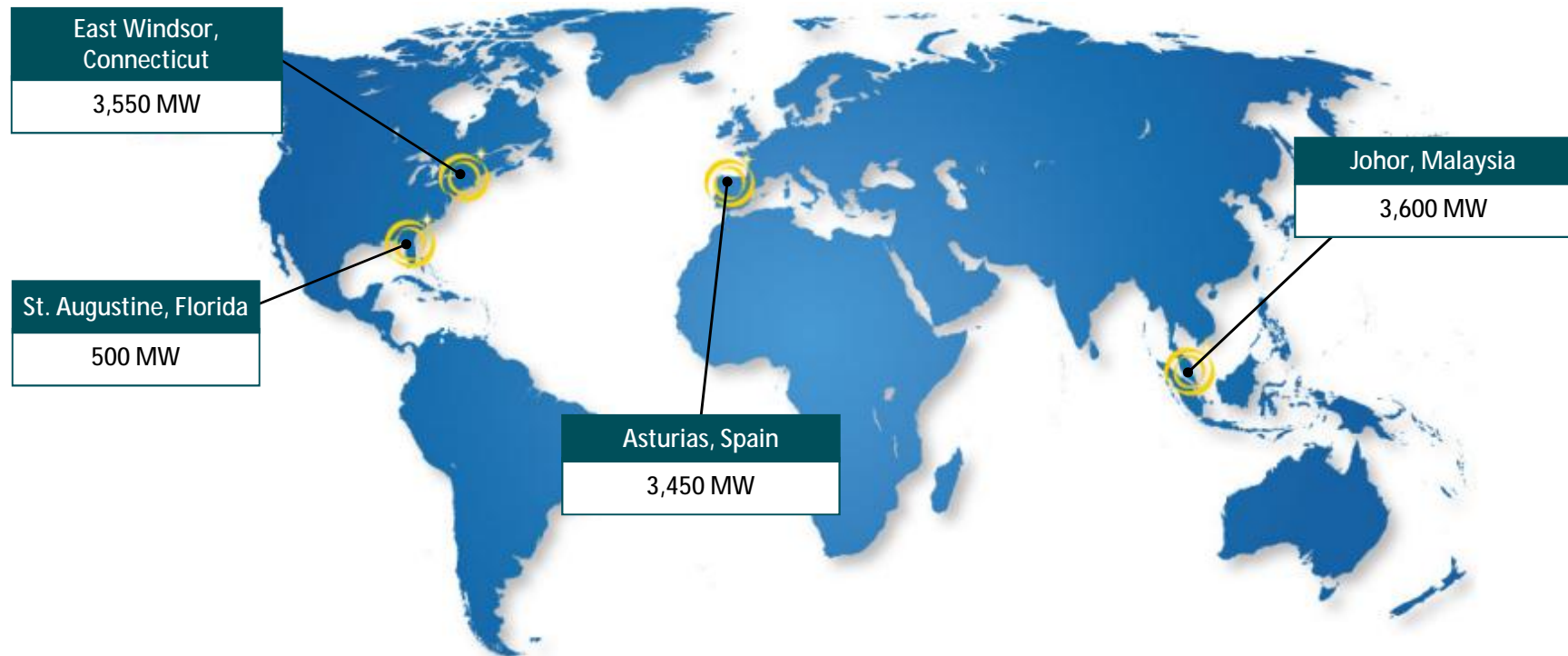
Committed to Maintain Technological Superiority

Leverage Global Manufacturing Footprint



- n Approximately 7.5 GW of global capacity at end of Q1 2011
- n Access to emerging markets
- n Quick order fulfillment and low transportation costs
- n Addresses shift in PV manufacturing base to Asia while lowering costs
- n Multiple sites provide competitive advantage

Anticipated 11 GW of Global Capacity as of December 31, 2011



STR is the Only Encapsulant Provider with Significant Global Manufacturing and Distribution Capabilities



Financial Review

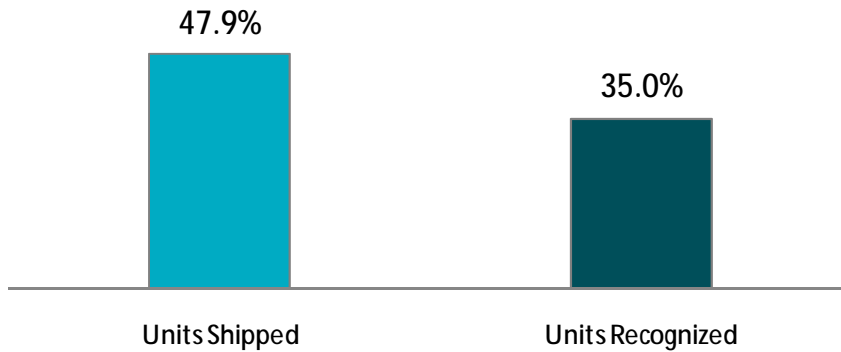
Barry Morris, Executive Vice President
and Chief Financial Officer



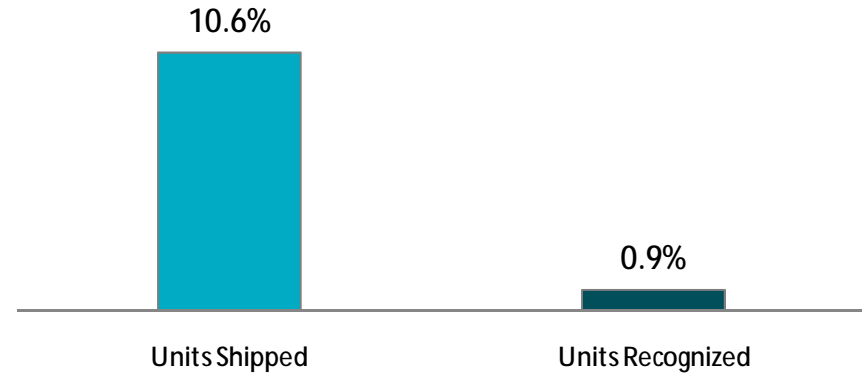
Q1 2011 Solar Shipment Growth Rate



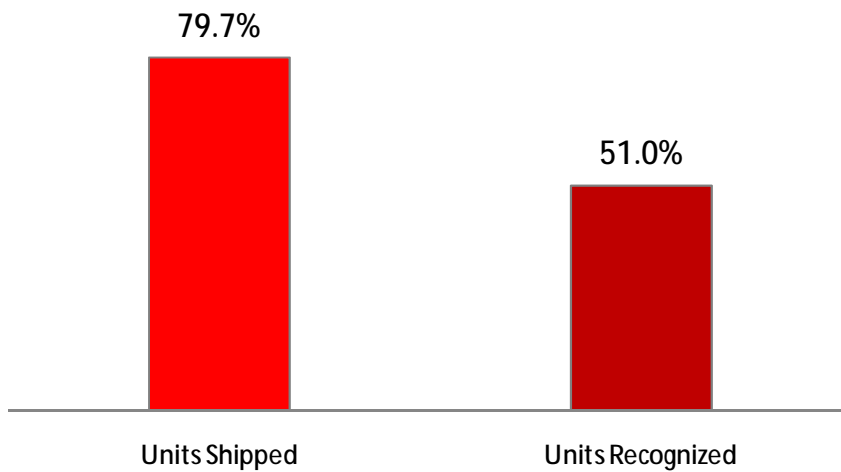
Total - Year over Year



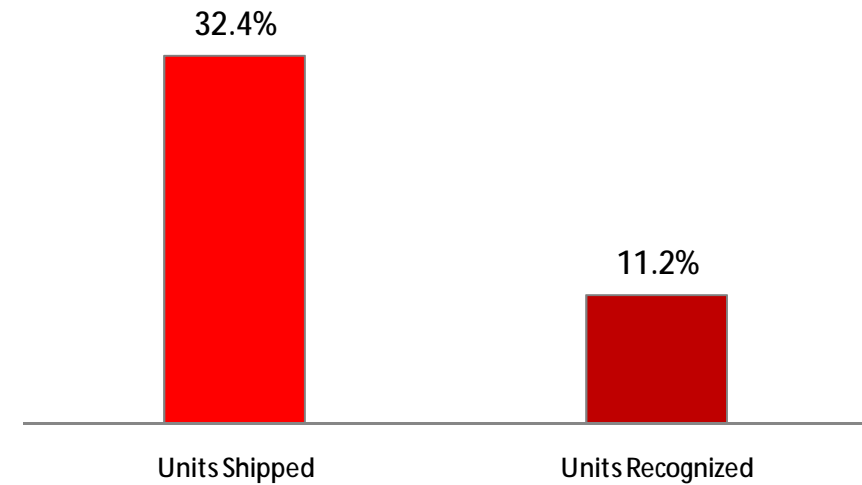
Total - Sequential



Asia - Year over Year



Asia - Sequential

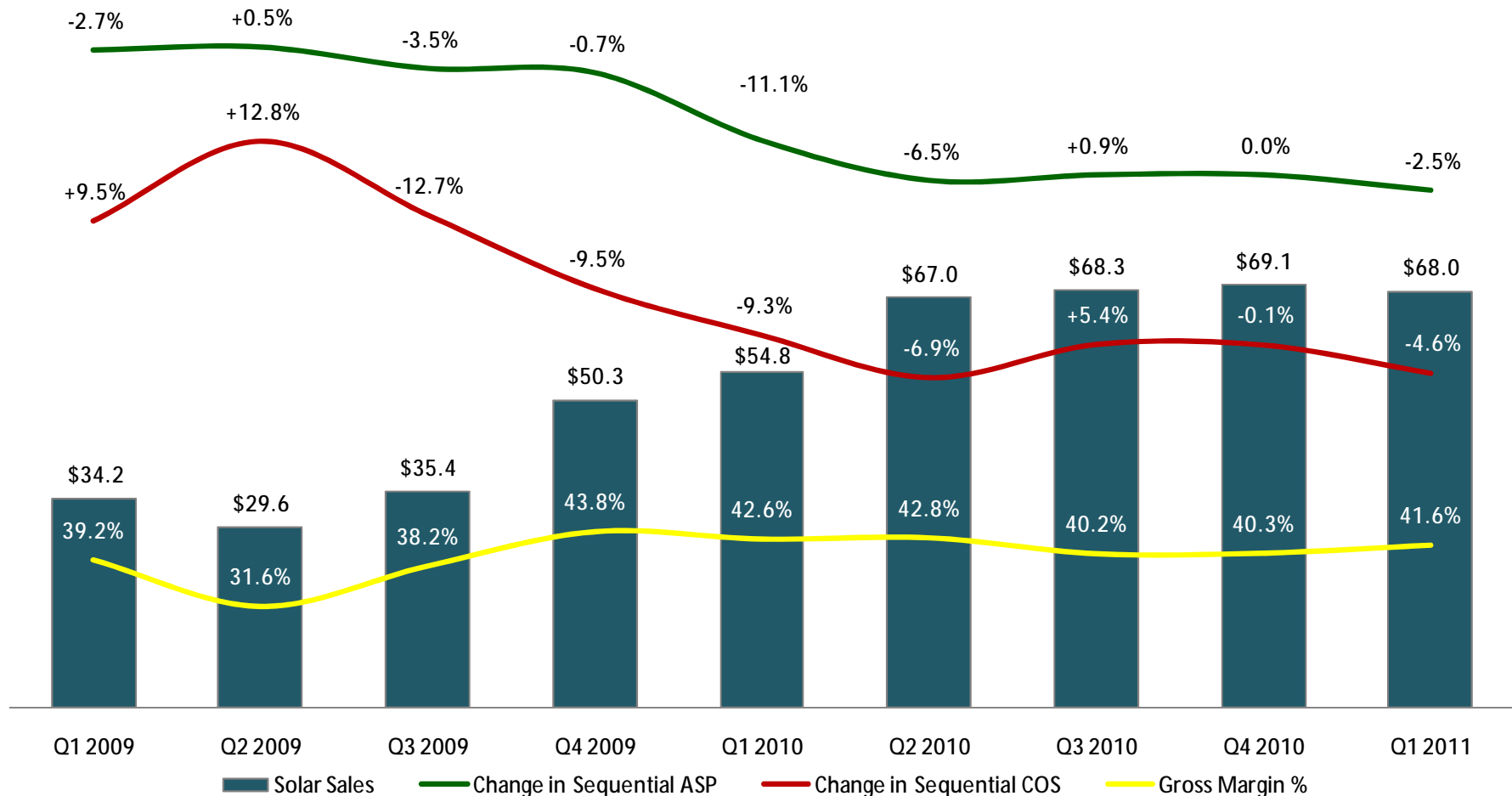


Solar Gross Margin Trend



Solar Sales, Margin, Price and Cost per SM Trend

(Sales in millions, ASP and Cost per SM as a sequential percentage change)



Gross Margins Improved 127 bps Sequentially

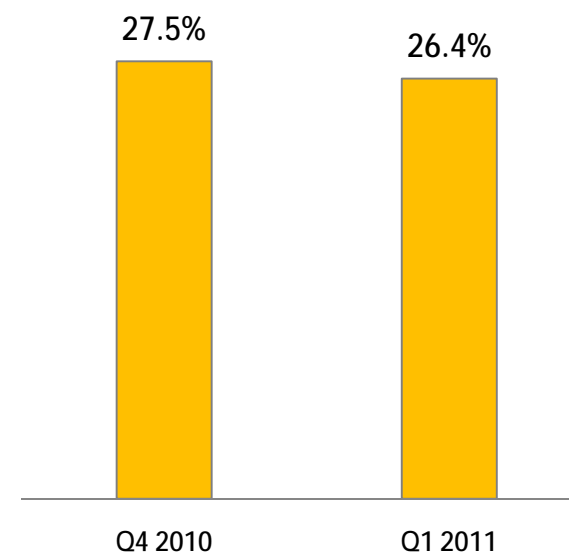
Well Capitalized for the Future



(\$ in millions)

	3/31/2011	Interest Rate	Maturity
Cash and Cash Equivalents	\$101.2		
Revolving Credit Facility	–		
First Lien Term Loan	163.1	L + 2.50%	6/15/2014
Second Lien Term Loan	75.0	L + 7.00%	12/15/2014
Capital Leases	–		
Total Debt	238.1		
Total Stockholders' Equity	342.7		
Total Capitalization	\$580.8		

Adjusted RONA⁽¹⁾



- n Relatively low leverage – total debt to total adjusted EBITDA of 2.0x as of December 31, 2010
- n No meaningful debt maturities until 2014
- n Significant capital investments have positioned STR for future growth
- n Organic growth fully funded by operating cash flow generation

	2007	2008	2009	2010
Operating Cash Flow	\$ 17.6	\$ 47.7	\$ 47.9	\$ 58.7
Capex	\$ 13.6	\$ 35.3	\$ 17.8	\$ 19.4

Strong Balance Sheet Supports Future Growth

2011 Guidance



Q2 2011	Low	High
Solar Sales	\$74M	\$78M
QA Sales	\$30M	\$32M
Total Sales	\$104M	\$110M
Non-GAAP EPS	\$0.38	\$0.42

2011 2nd Quarter Assumptions:

Average Euro of 1.40

Effective Tax Rate of 33%

Shares Outstanding of 42.6 Million

2011	Low	High
Solar Sales	\$320M	\$340M
QA Sales	\$120M	\$123M
Total Sales	\$440M	\$463M
Non-GAAP EPS	\$1.63	\$1.71

2011 Full-Year Assumptions:

Average Euro of 1.37

Effective Tax Rate of 33%

Shares Outstanding of 42.8 Million

Investment Highlights



- 1 Direct Beneficiary of Continued Solar Module Unit Growth
- 2 Industry Leader and Supplier to Many of the Top Solar Module Manufacturers
- 3 Defensible Business Model with High Switching Costs
- 4 Superior Product Performance and Proven Track Record of Innovation
- 5 Global Manufacturing Footprint
- 6 Experienced Management Team



Appendix

Reconciliation of Non-GAAP Earnings



All amounts in thousands except shares and per share amounts

	Three Months Ended	
	March 31, 2011 (Unaudited)	March 31, 2010 (Unaudited)
Non-GAAP Earnings Per Share		
Net earnings	\$ 10,840	\$ 7,760
Add:		
Amortization of intangibles	2,876	2,876
Amortization of deferred financing costs	332	332
Stock-based compensation expense	1,271	3,791
Secondary offering expense	-	193
Tax effect of non-GAAP adjustments	(1,468)	(2,224)
Non-GAAP net earnings	<u>\$ 13,851</u>	<u>\$ 12,728</u>
Non-GAAP earnings per share:		
Basic	<u>\$ 0.34</u>	<u>\$ 0.32</u>
Diluted	<u>\$ 0.33</u>	<u>\$ 0.31</u>
Weighted-average common shares outstanding:		
Basic	40,799,394	40,190,769
add: dilutive effect of stock options	915,518	705,084
add: dilutive effect of restricted common stock	487,260	802,996
Diluted	<u>42,202,172</u>	<u>41,698,849</u>

Note: Please refer to slide 25 for further discussion and limiting factors relating to non-GAAP measures.

Reconciliation of Adjusted Return on Net Assets



All amounts in thousands except shares and per share amounts

	March 31, 2011 (Unaudited)	December 31, 2010 (Unaudited)	March 31, 2010 (Unaudited)	December 31, 2009 (Unaudited)
Adjusted Return on Net Assets				
Total Assets	\$ 710,708	\$ 702,846	\$ 654,935	\$ 640,620
Less:				
Goodwill	(223,359)	(223,359)	(223,359)	(223,359)
Intangible assets	(201,784)	(204,660)	(213,287)	(216,163)
Deferred financing cost	(4,138)	(4,470)	(5,465)	(5,797)
Non-GAAP total assets	\$ 281,427	\$ 270,357	\$ 212,824	\$ 195,301
Average GAAP total assets	\$ 682,822	\$ 671,733		
Average non-GAAP total assets	\$ 247,126	\$ 232,829		
GAAP net earnings	\$ 52,391	\$ 49,311		
Non-GAAP net earnings (TTM)	\$ 65,249	\$ 64,126		
Return on assets	7.7%	7.3%		
Adjusted return on assets	26.4%	27.5%		

	Trailing Twelve Months	
	March 31, 2011 (Unaudited)	December 31, 2010 (Unaudited)
Net earnings	\$ 52,391	\$ 49,311
Adjustments to net earnings:		
Amortization of intangibles	11,503	11,503
Amortization of deferred financing costs	1,327	1,327
Stock-based compensation expense	5,331	7,851
Secondary offering expense	341	534
Tax effect of adjustments	(5,644)	(6,400)
Non-GAAP net earnings	\$ 65,249	\$ 64,126

Note: Please refer to slide 25 for further discussion and limiting factors relating to non-GAAP measures.

Non-GAAP Financial Measures



Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements, which statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America (GAAP), the Company uses three non-GAAP financial measures called non-GAAP earnings per share (EPS), adjusted return on net assets (RONA) and free cash flow. The Company defines non-GAAP EPS as net earnings not including the tax effected impact of amortization of deferred financing costs, stock-based compensation, intangible asset amortization expense and secondary offering expense divided by the weighted-average common shares outstanding. It should be noted that diluted weighted-average common shares are determined on a GAAP basis and the resulting share count is used for computing both GAAP and non-GAAP diluted EPS. RONA is defined as non-GAAP net earnings divided by the weighted-average of total assets, excluding goodwill, intangible assets and deferred financing costs. Free cash flow is defined as cash flow from operations less capital expenditures. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons.

Management believes that non-GAAP EPS and RONA provides meaningful supplemental information regarding the Company's performance by excluding certain expenses and assets that may not be indicative of the core business operating results and may help in comparing current-period results with those of prior periods as well as with its peers.

The Company believes free cash flow is an important measure of its overall liquidity and its ability to fund future growth and provide a return to shareowners. Free cash flow does not reflect, among other things, mandatory debt service, other borrowing activity, discretionary dividends on the Company's common stock and acquisitions.

Although the Company uses non-GAAP financial metrics as a measure to assess the operating performance of our business, non-GAAP metrics have significant limitations as an analytical tool because it excludes certain material costs and assets. Because non-GAAP metrics do not account for these expenses or assets, its utility as a measure of our operating performance has material limitations. Because of these limitations, management does not view non-GAAP metrics in isolation and also uses other measures, such as net earnings, net sales, gross margin and operating income, to measure operating performance.