

ASX ANNOUNCEMENT: 16 June 2010**MD on US Business and Growth
Opportunities in Australia**Open Briefing with **MD Miles George**Infigen Energy
Level 22,
56 Pitt Street,
SYDNEY, NSW, 2000**In this Open Briefing[®], Managing Director Miles George discusses**

- Discontinuation of sale process for US business
- Maximising long-term value of US business
- Growth opportunities in Australia

Open Briefing interview:**openbriefing.com**

You've attributed the lower level of the final bid pricing for the US business to factors such as historically low electricity prices, an uncertain regulatory environment, and concern about long-term wind resource during an unusual El Nino weather pattern. Nevertheless, your recent presentation has highlighted the expected "strong and stable" cash flow from the US business. How do you explain the discrepancy between your view of the earnings potential of the business and the apparent view of the bidders?

MD Miles George

We expect our US business to generate "strong and stable" cash flows with 86% of revenues contracted to strong counterparties over an average term of about 15 years. But we know from the sale process feedback that bidders adopted pessimistic views on future US merchant electricity prices, and that they applied discount rates reflecting adverse perceptions of regulatory uncertainty and short term production volatility. The existence of competing opportunities to purchase energy related assets at distressed prices also distracted some bidders during our process.

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So, did bidders have any concerns with the quality of the US assets?

MD Miles George

Plant condition issues noted in the sale process included gearbox failures associated with a particular model of wind turbine. To date, all failed gearboxes have been repaired or replaced by

the turbine supplier during the warranty period. We are working constructively with the turbine supplier and other US wind energy industry participants toward a long term solution to mitigate the impact of any future failures. During the sale process we also experienced multiple blade failures at one of our wind farms. Those failed blades were promptly replaced by the turbine supplier. Current plant issues are being well managed by our experienced team, and overall, our plant condition issues are not considered unusual in a portfolio of 18 wind farms.

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In your recent presentation you highlighted that the value of Infigen's equity interest in the US business is highly sensitive to the total business value. What did you mean by this?

MD Miles George

Equity cash flows from Infigen's US business are subject to repayment of the existing Class A tax equity, which is like project level financing and repayment of that part of the Global Facility which notionally relates to our US business. As a result, a small change in production assumptions or merchant price projections can have a large impact on Infigen's forecast equity cash flows and therefore on the value of our equity interest. We expect this impact to reduce over the next few years as the Class A tax equity and the Global Facility are paid down significantly.

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What are the key strengths of the US business within Infigen's portfolio?

MD Miles George

The US business is well diversified across energy market regions, wind regimes, off-take counterparties and turbine suppliers. It has critical mass as one of the top eight wind farm portfolios in the country. Approximately 86 percent of production is contracted with average off-take duration of about 15 years. The business also has attractively priced project level financing in place in the form of Class A tax equity.

The in-house Bluarc asset management team has delivered substantial improvements in availability as OEM (Original Equipment Manufacturer) contracts have rolled off over the past three years. This is yet to occur for the majority of the portfolio but is evidenced by the availability performance at Cedar Creek, where we've had operational control since day one. Management of our US business is rated by our co-investors and by the Class A tax equity partners, who include GE and JP Morgan, as one of the most experienced and best in the industry.

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How do you propose to maximise the long-term value of the US business and how long do you propose to hold this asset?

MD Miles George

We intend to maximise operational performance using our proven direct control strategy as OEM contracts roll off. Historically, when an OEM has acted as asset manager, it has been incentivised only to achieve availability levels consistent with the turbine's warranted output level. Bluarc's approach is different, with a focus on exceeding the warranted performance through addressing the main causes of lost production such as poor response times, inaccurate fault diagnosis, and supply chain delays.

We're aiming for turbine availability across the US portfolio of at least 95 percent for FY11, with continuing improvements as further OEM contracts roll off in FY12 and beyond. Infigen also intends to continue to assess options to move to independent operation and financing of the US business over time. This is expected to become increasingly attractive from around 2012/13 as the Global Facility debt and tax equity is repaid as I mentioned before.

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Moving to your position in Australia and in light of the expected rapid growth in demand for wind energy in Australia under the federal government's amended RET legislation, do you see a significant increase in competition in the Australian wind energy market?

MD Miles George

Over the past three years we've successfully added about 150MW of new capacity to our Australian portfolio each year. We have a proven development team that has delivered Australian projects totalling 508MW to date, and a high quality development pipeline of over 1,000MW. Our business focus in Australia is on maximising the performance of the existing assets and, subject to demonstrating attractive project economics, delivering our FY11 construction program of approximately 160MW. We're also investigating alternative sources of capital to finance new developments, provided such projects offer an adequate return on the capital to be deployed.

Few of the liable parties under the RET legislation have any significant presence, experience or expertise in the wind energy industry. Independent renewable energy developers and operators are likely to supply the bulk of the mandated renewable energy requirements and we're very well placed among these competitors. We expect to deliver attractive growth in FY11 and will continue to enhance our development portfolio to be in a position to deliver further attractive projects for FY12 and beyond, subject to securing capital.

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Infigen recently formed an Energy Markets business unit in Australia enabling the company to access contract customers directly. Given the variable nature of wind energy production, how will you seek to offset the risks of direct contracts that are typically for delivery of firm volumes?

MD Miles George

An important focus for the Energy Markets group involves engaging directly with end use customers for the sale of electricity and RECs. There are various contractual options available to manage associated risks including caps and bi-lateral contracts. We're adopting a prudent approach to managing these risks as direct sales grow. The Energy Markets group will also be looking for opportunities to access other forms of complementary generation over the longer term enabling us to efficiently manage risks through our own physical capacity. The group will also manage our activities in the energy market as existing power purchase contracts expire and new development assets come on line.

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Why would customers want to directly contract with Infigen as opposed to another provider?

MD Miles George

We're pursuing a strategy of selling directly to large corporate industrial and government customers as well as pursuing sales to electricity retailers. We have a strong ability to satisfy utility-scale renewable energy requirements on a competitive basis. Unlike competitors relying on generation from fossil fuels, we're happy to commit to longer-term contract arrangements

that mitigate customers' exposure to the downside risks of an emissions trading mechanism being implemented at some future point. This approach provides certainty to both buyer and seller over the long term and gives us a significant competitive advantage.

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You've said previously that you would aim to reduce corporate costs whilst also bringing in-house some core functions that were previously outsourced. What progress has been made in this area?

MD Miles George

Over the past year we've brought in-house the development team that successfully delivered our five operating projects in Australia. As we just discussed, Infigen has also established an experienced energy market function. These initiatives enable us to capture development profits and margins on sales that were previously paid to others.

Staff costs associated with corporate functions including those we require as a public company such as accounting, finance and tax, IT, HR, external communications, company secretariat and the audit and risk management functions account for roughly half our total corporate costs. The total corporate head count for these functions is 28. For FY10 total corporate costs are tracking below our guidance of \$24m. We'll continue to be vigilant in managing our corporate costs. For FY11 our guidance is \$21m.

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As at 31 December 2009 Infigen had net debt of \$1.3 billion and gearing was 60.3 percent. Given the rapid repayment schedule for the Global Facility, how do you see debt and gearing trending over the medium term and can you explain how the covenant ratios within the facility change over time?

MD Miles George

Considering debt within the Global Facility and a reasonable level of project financing for new assets, we expect gearing to reduce to around 50 percent in the medium term. The Global Facility margin will continue at around the 100 basis points and we are paying fixed rates through interest rate swaps that were put in place before the financial crisis. We expect to remain comfortably within covenant limits on the Global Facility, which require our net debt to EBITDA leverage ratio to remain below 8.5 times from 1 July 2010, reducing to 6 times from 1 July 2016, and then to 3 times during the period from 1 July 2019 to maturity.

Given the rapid deleverage funded from our continued strong cash flow, and notwithstanding the low cost of debt under the Global Facility, over the next two to three years we will continue to consider the options to refinance the existing operating assets, probably on a country by country basis, to enable a release of cash for reinvestment in the business.

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Your stated strategy is to focus on maximising the performance of existing assets whilst pursuing attractive growth opportunities in Australia. In the absence of a capital release from a sale of the US business, how will Infigen fund the projects within its Australian development pipeline?

MD Miles George

Proposed amendments to Australia's expanded renewable energy target (RET) legislation are expected to be passed shortly. These amendments are forecast to generate strong demand for contracts to supply renewable energy to the liable parties. Due to Infigen's strong track record

and market leading position, project finance lenders and other capital providers have shown interest in providing funding to Infigen for future projects under the new legislative arrangements. We believe Infigen will be a key provider of the mandated increase in utility scale renewable energy capacity. Subject to demonstrating attractive project economics, we have enough cash to fund an FY11 construction program of up to 160 megawatts of installed capacity.

Infigen is currently assessing other potential sources of capital to diversify its funding sources and to ensure our attractive Australian development pipeline provides an adequate return on the capital deployed. This includes the possibility of introducing co-investors at the project level, where we would still retain control and operate the assets.

In the medium term and as I mentioned before, Infigen also has the option of refinancing the Australian and US businesses independently to release capital. This option is expected to be available by 2012/13 when the benefits of the low cost of our existing global facility are likely to be outweighed by a reduced level of leverage as we rapidly repay debt.

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As well as a full year distribution of 2 cents per security for the current year, you've also recently announced an on-market buy-back of your stapled securities. How will the buy-back affect your ability to fund the Australian development pipeline? What returns metrics have you looked at in deciding to commit funds to the buy-back and how do returns on a buy-back compare with those from your investment in developing wind farms?

MD Miles George

The return metrics we consider for the buy-back are the same as we previously applied in 2009. If the share price is at a level where the potential rate of return from buying back the stock is greater than the potential risk adjusted return from investing in development opportunities, we'll participate in the buy-back. Despite this, the prospective returns on the best of our development opportunities are also expected to be strong, with most projects targeting high-teen equity returns. We've been consistently disciplined in the application of capital to the most attractive opportunities available for investment and will continue that discipline.

As for distributions, we've announced the move over the medium term towards a payout target of 35 to 50 percent of underlying net profit of the Infigen group. These distributions will be paid from cash balances remaining outside our Global Facility, as well as earnings from new development assets as they become operational.

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Thank you Miles

For further information on Infigen Energy please visit www.infigenenergy.com or call Rosalie Duff, Head of Investor Relations and Media on 02) 8031 9901.

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