



**Infigen Energy**  
**Interim Result**  
**6 months ended 31 December 2011**

28 February 2012

# Agenda



- **Performance Overview**
- Financial Result
- Operational Review
- Regulatory & Market Update
- Outlook & Priorities
- Questions

## **Presenters:**

Miles George	Chief Executive Officer & Managing Director
Chris Baveystock	Chief Financial Officer
Geoff Dutailis	Chief Operating Officer

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# Financial Performance Overview (Economic Interest)



## Unfavourable wind conditions offset improving market conditions

Six months ended 31 Dec	2011	2010	Change %	Comments
Revenue (\$ million)	125.7	126.4	(1)	<ul style="list-style-type: none"> <li>Capacity addition</li> <li>Lower production</li> <li>Higher wholesale electricity prices</li> <li>Higher LGC prices</li> </ul>
Operating costs (\$ million)	55.6	49.5	12	<ul style="list-style-type: none"> <li>Capacity addition</li> <li>Post warranty cost increases managed within forecast range</li> </ul>
EBITDA (\$ million)	62.2	65.8	(6)	<ul style="list-style-type: none"> <li>Decreased revenue</li> <li>Increased operating costs</li> <li>Lower corporate costs</li> </ul>
Net Loss (\$ million)	(35.2)	(34.4)	2	<ul style="list-style-type: none"> <li>Lower net income from US IEPs</li> <li>Lower borrowing costs</li> <li>Lower FX benefit</li> <li>Tax benefit</li> </ul>

### Business performance

- Strong safety performance – LTIFR reduced to 1.1 from 9.0
- Completion of Woodlawn on time and within budget
- Expect to meet debt amortisation guidance
- Prudent progression of development pipeline

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# Summary Statutory P&L and Financial Metrics

Six months ended 31 Dec (\$ million)	2011	2010	Change %
<b>Revenue</b>	133.5	134.4	(1)
<b>EBITDA</b>	<b>67.9</b>	<b>71.9</b>	<b>(6)</b>
Depreciation & Amortisation	(69.8)	(70.2)	(1)
<b>EBIT</b>	<b>(1.9)</b>	<b>1.7</b>	<b>n/a</b>
Net financing costs	(36.2)	(35.3)	3
Net income from US Institutional Equity Partnerships	(1.4)	1.7	n/a
<b>Loss from continuing operations</b>	<b>(39.5)</b>	<b>(31.8)</b>	<b>24</b>
Tax benefit / (expense)	4.2	(0.8)	n/a
Significant items	-	-	n/a
Loss from discontinued operations	-	(1.7)	(100)
<b>Net Loss</b>	<b>(35.2)</b>	<b>(34.4)</b>	<b>2</b>

Six months ended 31 Dec	2011	2010	Change %
<b>EBITDA Margin (%)</b>	<b>50.9</b>	<b>53.5</b>	<b>(2.6) pts</b>
<b>Net Operating Cash Flow per Security (cps)</b>	<b>3.4</b>	<b>0.9</b>	<b>278</b>
<b>EBITDA / (Net Debt + Equity) (%)</b>	<b>9.2%</b>	<b>10.0%</b>	<b>(0.8) pts</b>
<b>Book Gearing (%)</b>	<b>63.4%</b>	<b>59.7%</b>	<b>3.7 pts</b>
<b>Book Value / Security (\$)</b>	<b>0.73</b>	<b>0.84</b>	<b>(13)</b>

ppts = percentage point change



# Reconciliation of Statutory to Economic Interest

Infigen measures the performance of the business from an economic interest perspective

Six months ended 31 Dec 2011 (\$ million)	Statutory	Minority Interest	Economic Interest
<b>Revenue</b>	<b>133.5</b>	<b>(7.8)</b>	<b>125.7</b>
<b>EBITDA</b>	<b>67.9</b>	<b>(5.7)</b>	<b>62.2</b>
Depreciation & Amortisation	(69.8)	3.8	(66.0)
<b>EBIT</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>(3.8)</b>
Net financing costs	(36.2)	-	(36.2)
Net income from US Institutional Equity Partnerships	(1.4)	1.9	0.5
<b>Loss from continuing operations</b>	<b>(39.5)</b>	<b>-</b>	<b>(39.5)</b>
Tax benefit / (expense)	4.2	-	4.2
<b>Net Loss</b>	<b>(35.2)</b>	<b>-</b>	<b>(35.2)</b>

The slides that follow are presented from an economic interest perspective

# Summary Economic Interest P&L and Financial Metrics

Six months ended 31 Dec (\$ million)	2011	2010	Change %
<b>Revenue</b>	125.7	126.4	(1)
<b>EBITDA</b>	<b>62.2</b>	<b>65.8</b>	<b>(6)</b>
Depreciation & Amortisation	(66.0)	(66.1)	-
<b>EBIT</b>	<b>(3.8)</b>	<b>(0.3)</b>	1,167
Net financing costs	(36.2)	(35.3)	3
Net income from US Institutional Equity Partnerships	0.5	3.7	(86)
<b>Loss from continuing operations</b>	<b>(39.5)</b>	<b>(31.8)</b>	<b>24</b>
Tax benefit / (expense)	4.2	(0.8)	n/a
Loss from discontinued operations	-	(1.7)	(100)
<b>Net Loss</b>	<b>(35.2)</b>	<b>(34.4)</b>	<b>2</b>

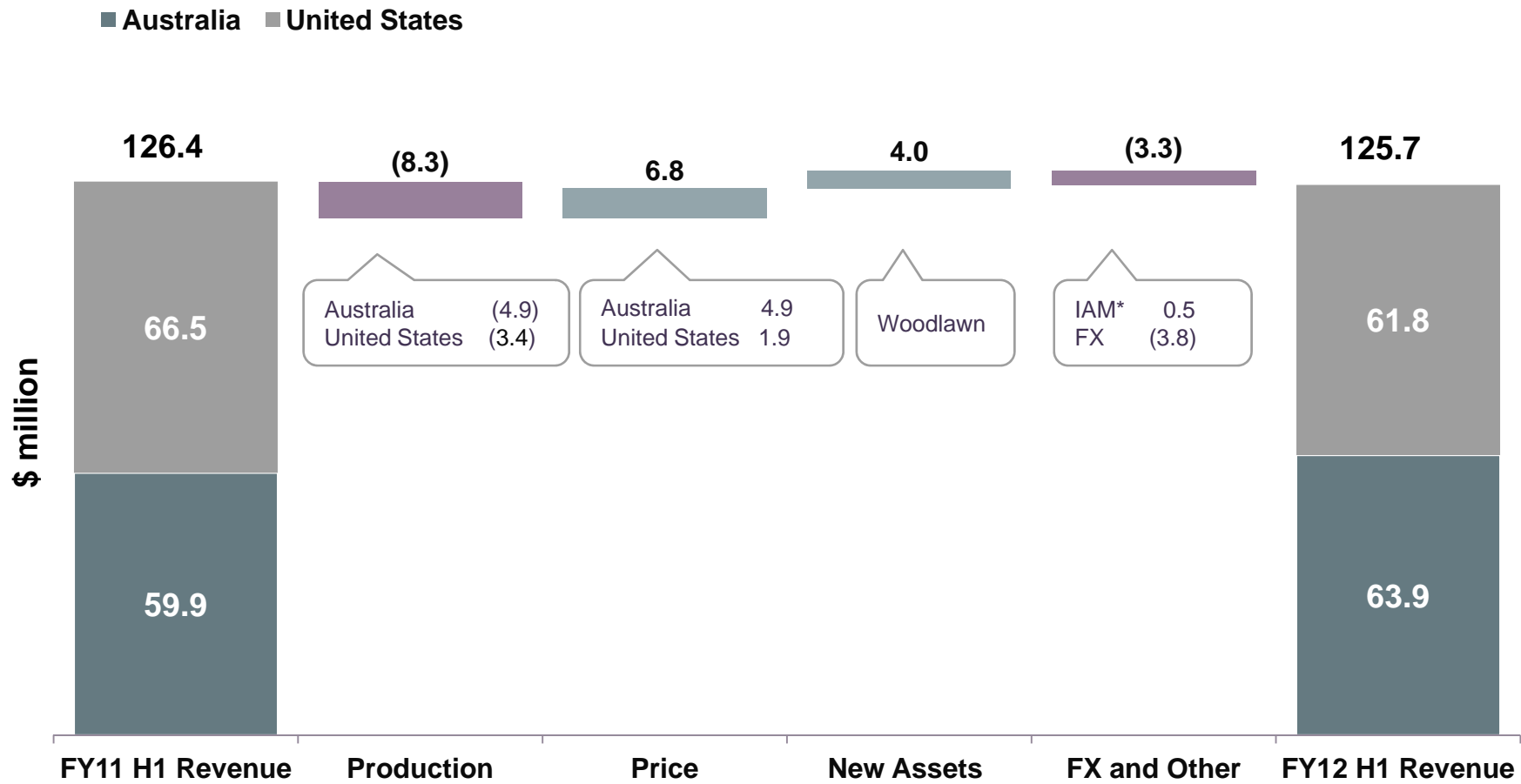
  

Six months ended 31 Dec	2011	2010	Change %
<b>EBITDA Margin (%)</b>	<b>49.5%</b>	<b>52.1%</b>	<b>(2.6) ppts</b>
<b>Net Operating Cash Flow per Security (cps)</b>	<b>2.8</b>	<b>0.9</b>	<b>205</b>
<b>EBITDA / (Net Debt + Equity) (%)</b>	<b>8.4%</b>	<b>9.2%</b>	<b>(0.8) ppts</b>
<b>Book Gearing (%)</b>	<b>63.4%</b>	<b>59.7%</b>	<b>3.7 ppts</b>
<b>Book Value / Security (\$)</b>	<b>0.73</b>	<b>0.84</b>	<b>(13)</b>

# Revenue



Revenue reflects lower production due to unfavourable wind conditions and FX offset by initial contribution from the Woodlawn Wind Farm and improved wholesale electricity and LGC prices



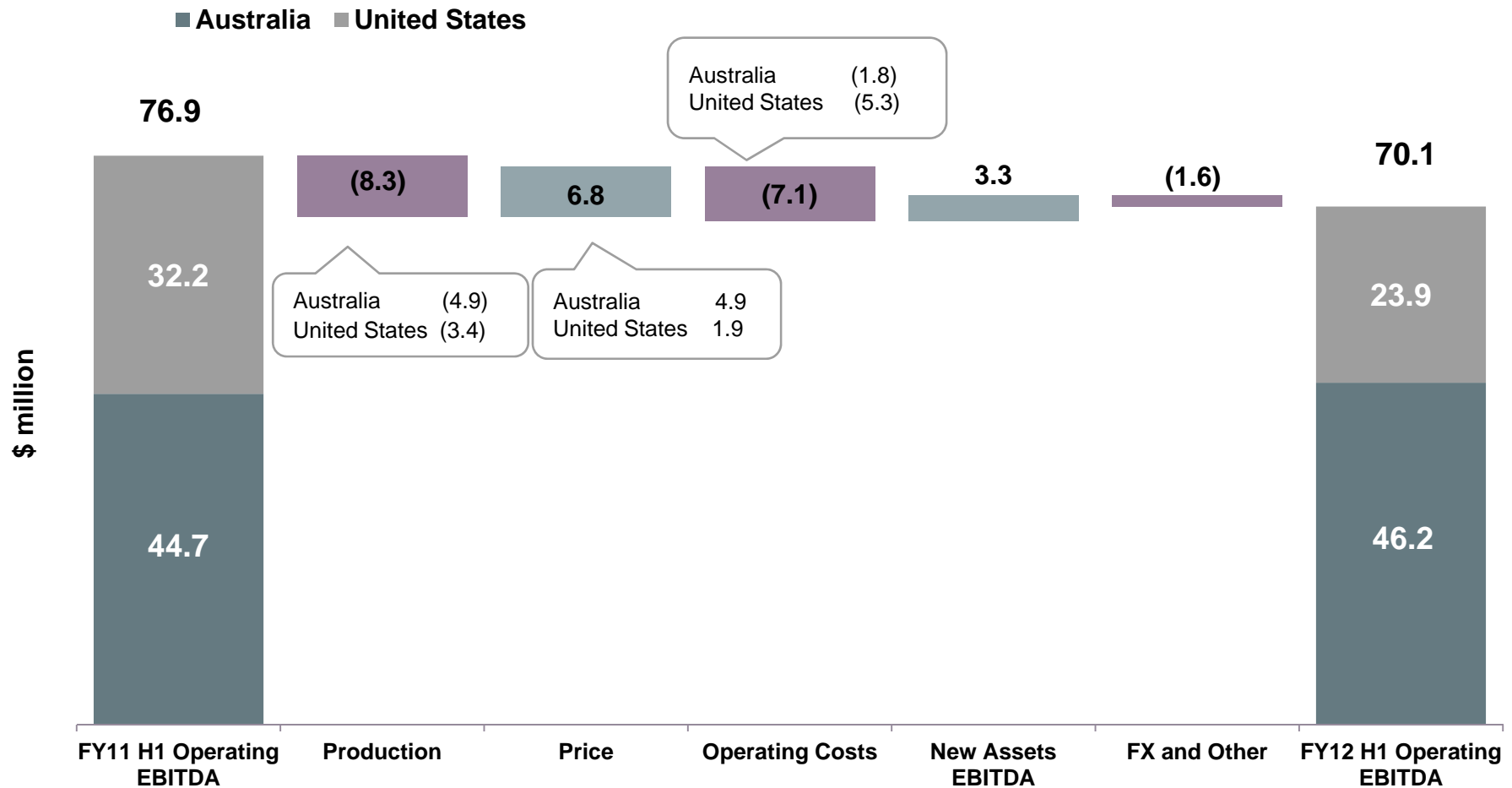
\* Infigen Asset Management (US)





# Operating EBITDA

Lower production and higher post-warranty costs partially offset by gains from gradual improvement in market conditions





# Operating Cash Flow

Good cash conversion management despite lower operating EBITDA

Six months ended 31 Dec (\$ million)	2011	2010	Change %
<b>Operating EBITDA</b>	<b>70.1</b>	<b>84.0*</b>	<b>(17)</b>
Corporate costs, development costs & other	(7.6)	(9.0)	(16)
Movement in working capital & non cash items	(0.7)	(16.6)	(96)
Financing costs & taxes paid	(40.7)	(42.9)	(5)
Termination of interest rate swap	-	(8.6)	n/a
<b>Net Operating Cash Flow</b>	<b>21.1</b>	<b>6.9</b>	<b>206</b>

\*H1FY11 operating EBITDA included Germany operating EBITDA of \$7.1m

## Comments

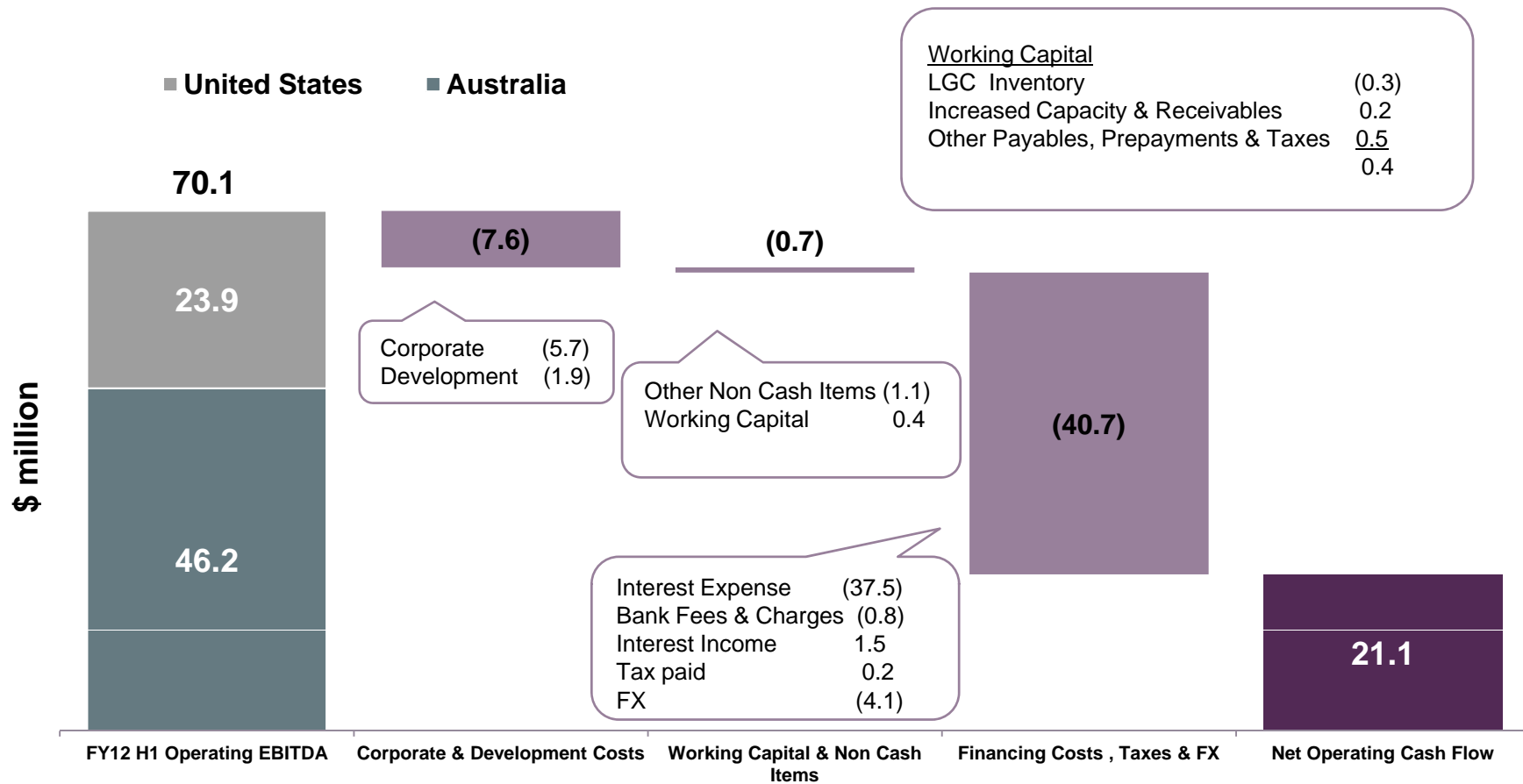
Key factors contributing to year on year operating cash flow movements were:

- Improvement in working capital movement
- Lower borrowing costs from ongoing debt amortisation
- Achievement of corporate costs reduction (includes non-cash LTI write back)



# Operating Cash Flow

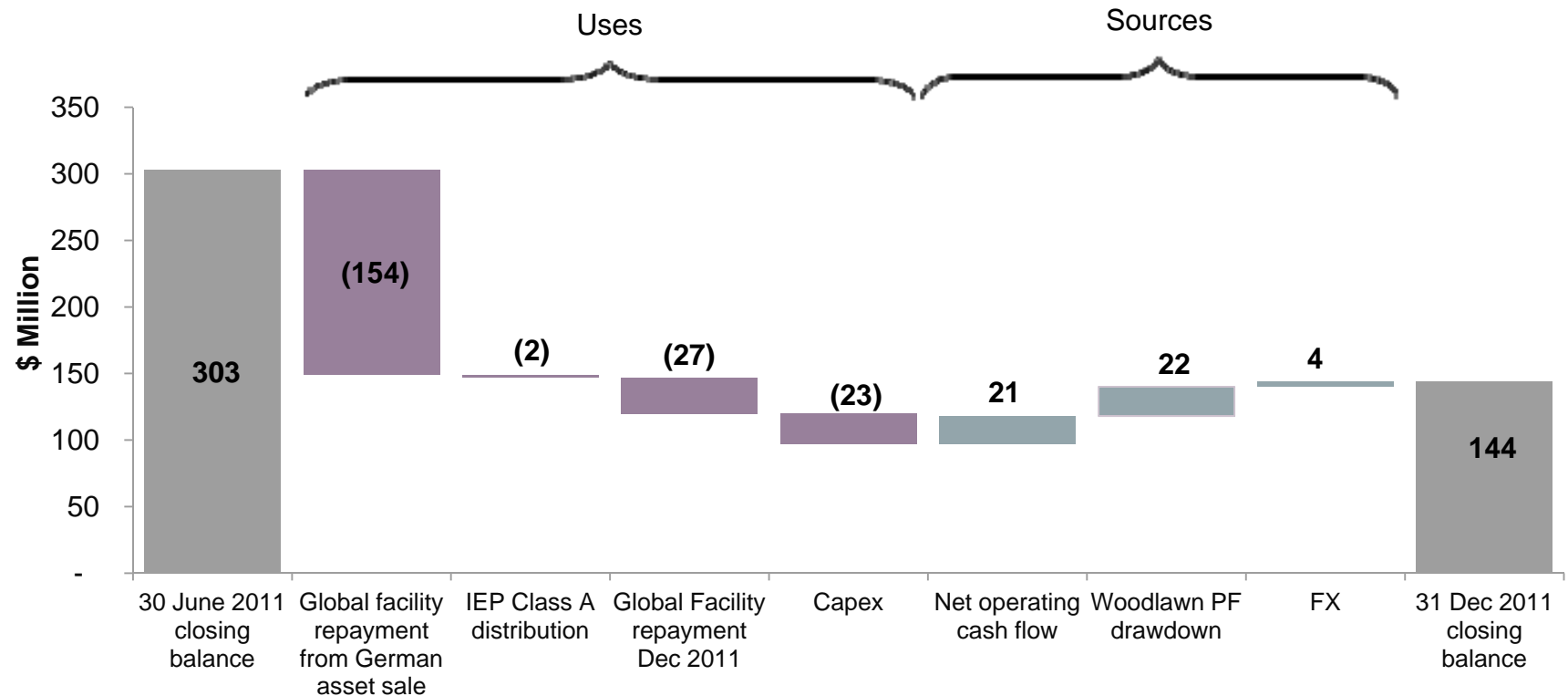
## EBITDA to net operating cash flow movements





# Cash Flow – Cash Movement

Operating cash flow and cash receipts from asset sales used to amortise debt



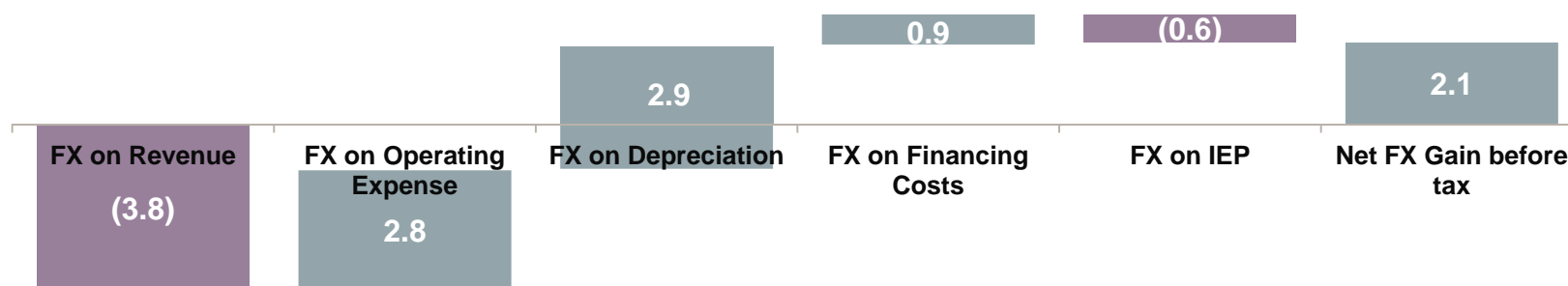
## Comments

- 30 June 2011 closing cash balance included \$154 million from the sale of the German wind farms that was used to repay Global Facility borrowings on 6 July 2011
- 31 December closing cash balance included \$112 million of Excluded Company cash

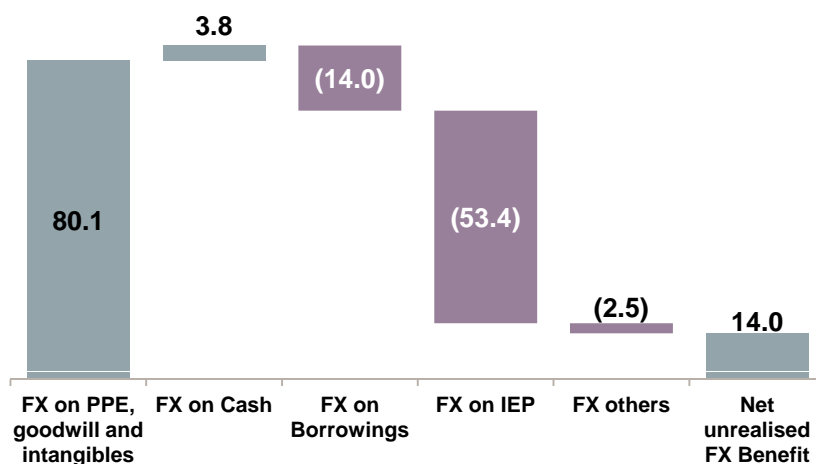
# Impact of FX

## Natural currency hedge mitigates P&L effect

### Profit and Loss



### Balance sheet



### Comments

- Adverse FX effect on revenue more than offset by effect on expenses
- Level of indebtedness reflects adverse FX movements compared with 30 June 2011

#### Average rate:

AUD:USD 31 Dec 2010 = 0.9437, 31 Dec 2011 = 1.0112;  
 AUD:EUR 31 Dec 2010 = 0.7129, 31 Dec 2011 = 0.7421

#### Closing rate:

AUD:USD 30 June 2011 = 1.0710, 31 Dec 2011 = 1.0150;  
 AUD:EUR 30 June 2011 = 0.7380, 31 Dec 2011 = 0.7838



# Balance Sheet

	31 Dec 2011	30 June 2011
Cash	143.7	303.3
Receivables, Inventory & Prepayments	67.0	67.6
PPE, Goodwill & Intangibles	2,650.5	2,609.5
Deferred Tax & Other Assets	47.9	32.6
<b>Total Assets</b>	<b>2,909.1</b>	<b>3,012.9</b>
Payables & Provisions	53.3	48.1
Borrowings	1,107.8	1,252.4
Derivative Liabilities	171.0	101.7
Institutional Equity Partnerships	1,021.0	969.9
<b>Total Liabilities</b>	<b>2,353.1</b>	<b>2,372.1</b>
<b>Net Assets</b>	<b>556.0</b>	<b>640.8</b>

Debt Ratios	31 Dec 2011	30 June 2011
Net Debt / EBITDA	<b>7.5x</b>	<b>6.5x</b>
EBITDA / Interest	<b>1.7x</b>	<b>1.8x</b>
Net Debt / (Net Debt + Net Assets)	<b>63.4%</b>	<b>59.7%</b>

Debt Ratios calculated on an IFN economic interest

Debt service and leverage metrics in table are not directly comparable to Global Facilities covenant metrics due to treatment of construction debt and interest, and adjustments to EBITDA to reflect US cash distributions

## Comments

- Borrowings decreased \$144 million due to debt amortisation from German asset sale (\$154 million), and Borrower Group debt repayment in December 2011 (\$27 million) offset by Woodlawn project finance drawdown (\$22 million) and an unrealised FX cost (\$14 million)
- Net debt increased \$15 million largely due to the unrealised FX cost
- Global Facility leverage ratio covenant satisfied for December 2011

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# People and Safety

We continue to have the safety of our people and communities we operate in as our first priority

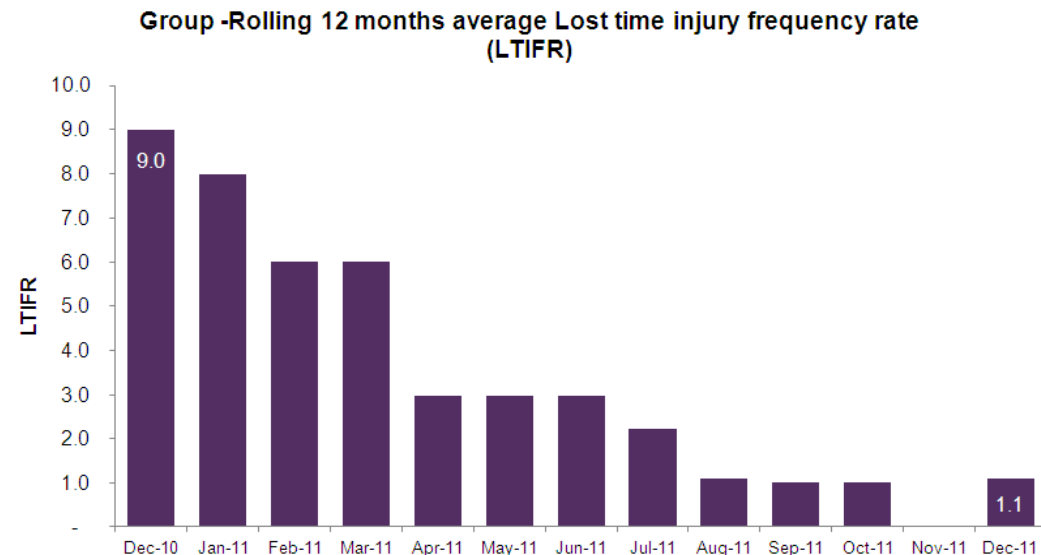
## Comments

### People

- Our team consists of employees and contractors across the US and Australia
- We are owners, operators and developers of renewable energy assets
- We operate 24 wind farms 24x7 in the US and Australia

### Safety

- Our LTIFR safety performance has improved from 9.0 to 1.1 over the year
- Our target remains zero harm







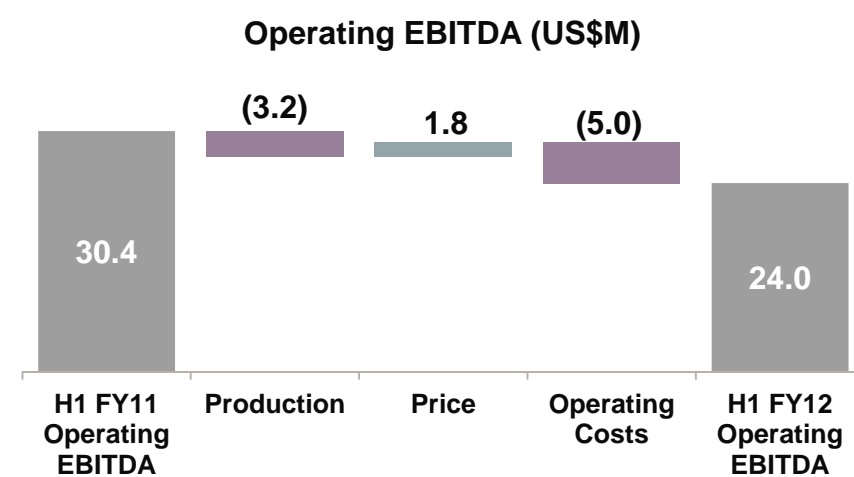
# Operational Performance: US Wind Farms

Lower production and increased costs as wind farms transition off warranty resulted in lower EBITDA

Six months ended 31 Dec	2011	2010	%
Operating Capacity (MW)	1,089	1,089	-
Production (GWh)	1,368	1,469	(7)
Capacity Factor (%)	28.3	30.0	(1.7) ppts
Site Availability (%)	94.9	95.3	(0.4) ppts
Revenue (US\$M)	60.8	62.2	(2)
Operating Costs (US\$M)	36.8	31.8	16
Operating EBITDA (US\$M)	24.0	30.4	(21)
Operating EBITDA Margin	39.5%	48.9%	(9.4) ppts
Electricity Price (US\$/MWh)	44.44	42.34	5
O&M Cost (US\$/MWh)	26.90	21.65	24

**Comments**

- Unfavourable wind conditions resulted in lower production
- Revenue reflects lower production partially offset by improved merchant prices and compensated revenue
- Operating cost increase reflects ongoing transition of wind farms off warranty

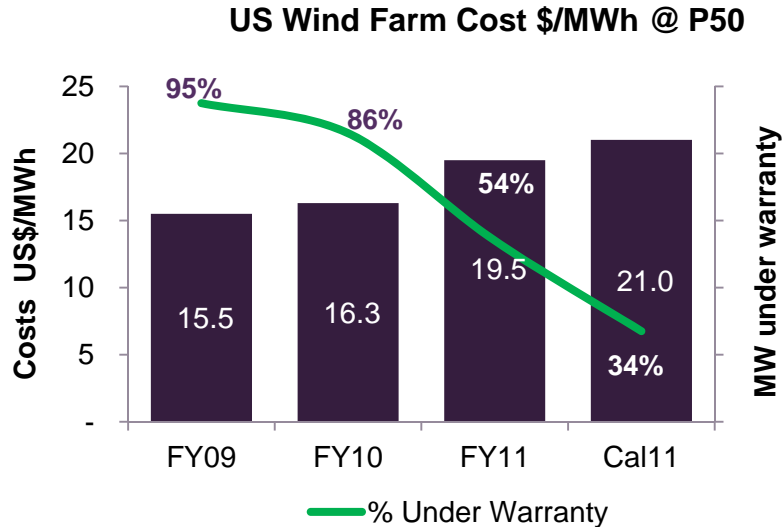


ppts = percentage point change



# Operating Costs: US Wind Farms

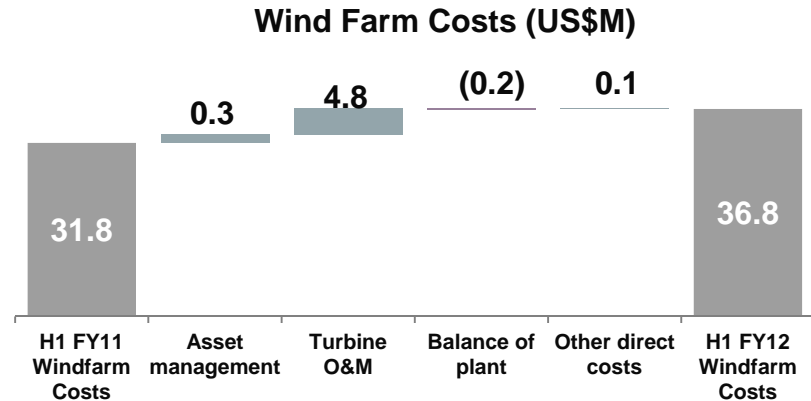
Timing of component replacements and higher turbine O&M as wind farms transition off warranty resulted in higher operating costs



**Comments**

- Unit operating costs affected by post warranty component replacement and end of warranty activities
- Rate of cost increases to be managed towards the lower end of post warranty forecast increase range (\$5-10/MWh) through the medium term
- Asset management increase reflects additional cost in preparing wind farms to transition off warranty
- Increase in turbine O&M costs reflect component replacement and more wind farms transitioning off warranty

Six months ended 31 Dec	2011	2010	%
Asset Management/Admin	5.4	5.1	6
Turbine O&M	19.0	14.2	33
Balance of Plant	3.2	3.4	(5)
Other direct costs	9.2	9.1	1
<b>Wind Farm Costs (US\$M)</b>	<b>36.8</b>	<b>31.8</b>	<b>16</b>



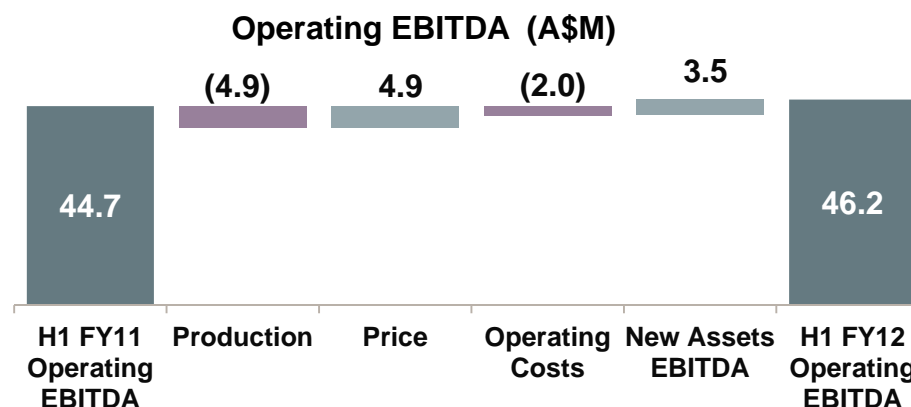


# Operational Performance: Australia

New Assets and improved pricing partially offset by lower production and higher operating costs

Six months ended 31 Dec	2011	2010	%
<b>Operating Capacity (MW)</b>	<b>557</b>	508	10
<b>Production (GWh)</b>	<b>716</b>	720	(1)
<b>Capacity Factor (%)</b>	<b>29.5</b>	32.0 (2.5) ppts	
<b>Site Availability (%)</b>	<b>95.9</b>	97.1 (1.2) ppts	
<b>Revenue (A\$M)</b>	<b>63.9</b>	59.9	7
<b>Operating Costs (A\$M)</b>	<b>17.7</b>	15.2	16
<b>Operating EBITDA (A\$M)</b>	<b>46.2</b>	44.7	3
<b>Operating EBITDA margin</b>	<b>72.3%</b>	74.4% (2.1) ppts	
<b>Bundled Price (A\$/MWh)</b>	<b>89.25</b>	83.24	7
<b>WF* Operating Cost (A\$/MWh)</b>	<b>21.23</b>	19.03	11
<b>Operating Cost (A\$/MWh)</b>	<b>24.72</b>	21.06	17

Comments
<ul style="list-style-type: none"> <li>Capacity increase from Woodlawn Wind Farm</li> <li>Production affected by unfavourable wind conditions (-44 GWh), network constraints in SA (-10 GWh), unscheduled maintenance (-7 GWh) and Woodlawn (+57 GWh)</li> <li>Lower site availability due to Woodlawn ramp up</li> <li>Increased revenue reflects Woodlawn and improved wholesale electricity and LGC prices, offset by lower production</li> <li>Operating cost increases attributable to component replacement, new assets and investment in Energy Markets capability</li> </ul>

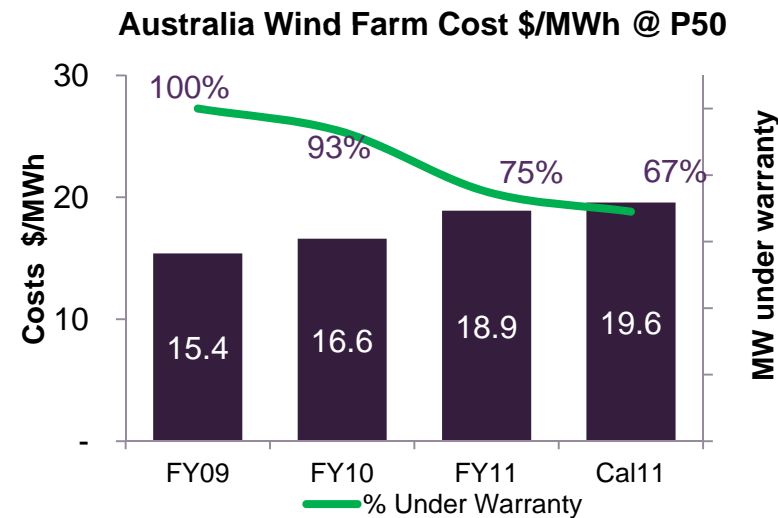


WF = wind farm



# Operating Costs: Australia

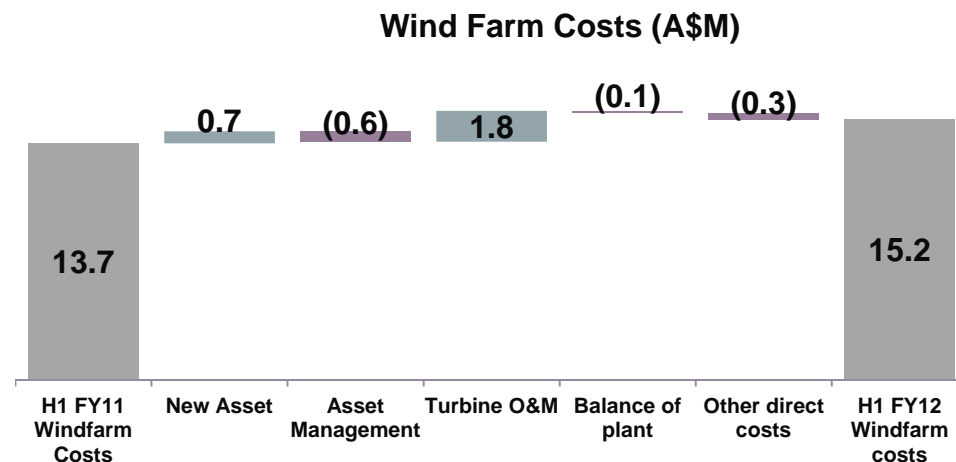
Increased costs reflect new assets, post warranty component replacements and risk management



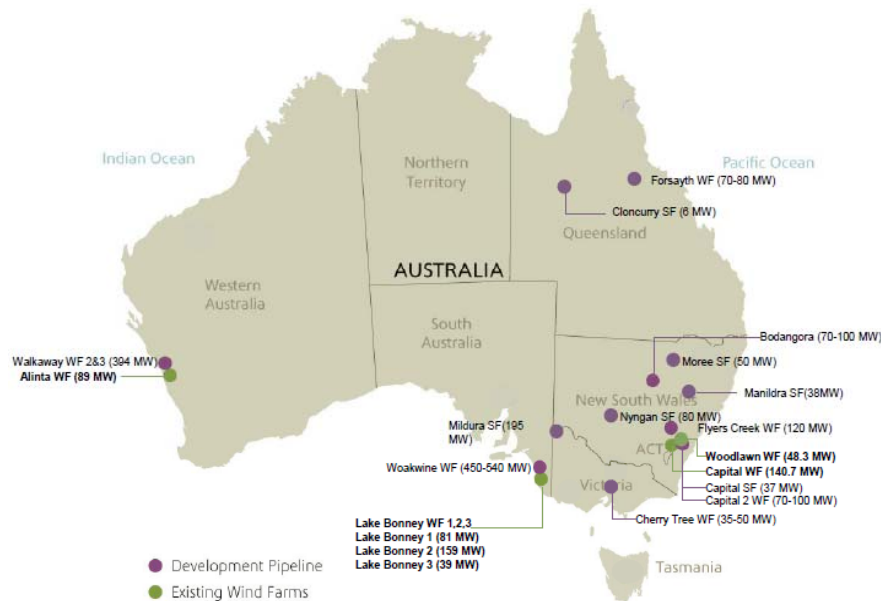
**Comments**

- P50 unit operating costs below forecast despite component replacement
- The addition of new capacity increased costs
- Component replacement can occur in clusters resulting in higher than average costs in a period
- Energy Markets delivered earnings and managed risks
- The Australian electricity market is going through regulatory and structural change

Six months ended 31 Dec	2011	2010	%
Asset Management/Admin	3.1	3.4	(9)
Turbine O&M	8.8	6.6	33
Balance of Plant	0.1	0.2	(44)
Other direct costs	3.2	3.5	(9)
<b>Wind Farm Costs</b>	<b>15.2</b>	<b>13.7</b>	<b>11</b>
Energy Markets	2.5	1.5	67
<b>Total Operating Costs</b>	<b>17.7</b>	<b>15.2</b>	<b>16</b>



# Australian Asset Creation – Development and Construction



## Development Pipeline

- The most prospective projects advanced and other opportunities maintained
- Planning approval for Capital 2 Wind Farm received
- Development applications lodged for 4 development assets
- Re-submitted bid for Solar Flagships funding with Suntech
- Development pipeline is well positioned in an increasingly regulated development market



Woodlawn Wind Farm

## Woodlawn Wind Farm

- 48.3 MW wind farm comprising 23 Suzlon 2.1 MW turbines completed on time and on budget
- Practical Completion achieved on 17 October 2011
- Availability to date is in line with expectations

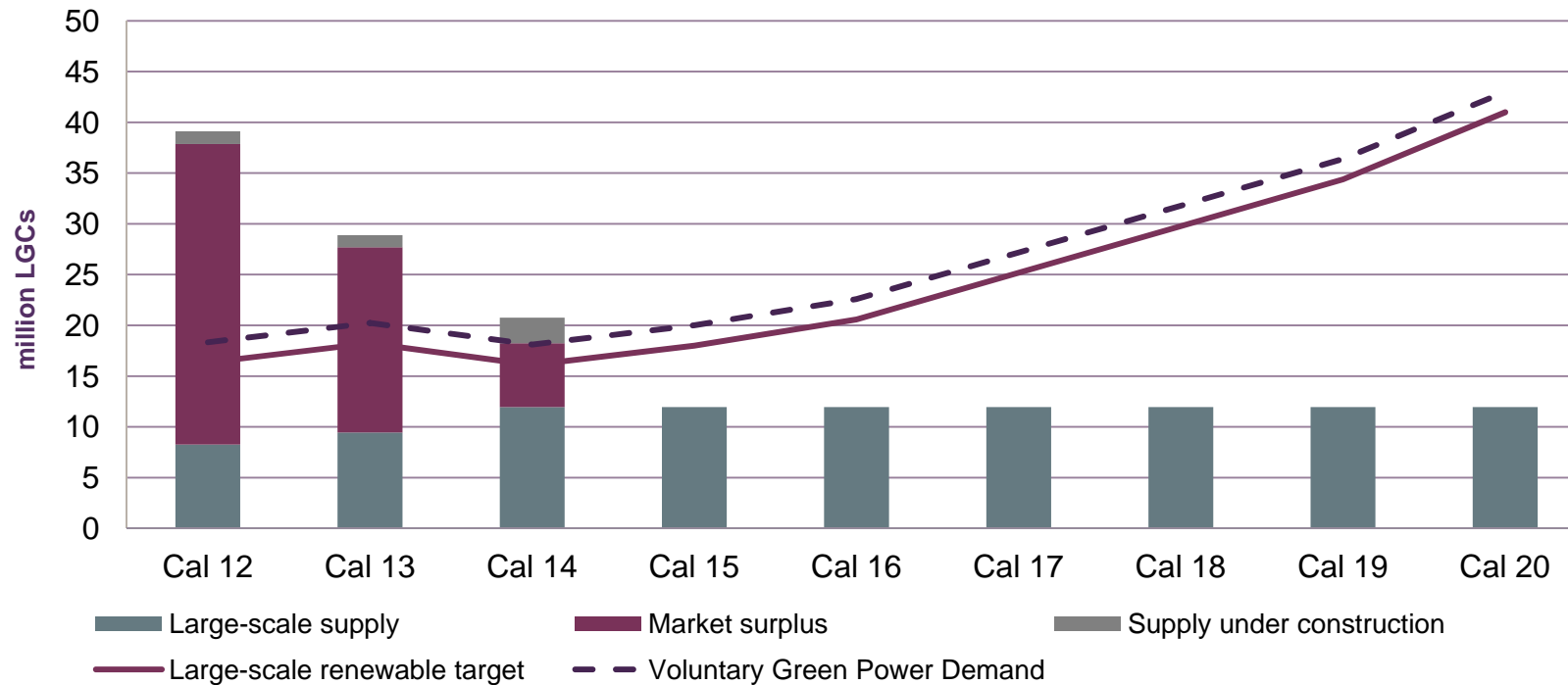
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# Australian Regulatory Update

LGC supply/demand is tightening - new build commencement required in 2012 to meet impending shortfall



- Significant additional capacity required from large scale renewable energy supply sources
- LGC prices have held firm over the last 12 months
- Restrictive planning regulations will limit greenfield project supply
- Higher wholesale electricity prices required to underwrite renewable investment beyond LRET scheme
- Majority of the LGC surplus has already been acquired by the large obligated retailers (Origin, AGL & TRUenergy).

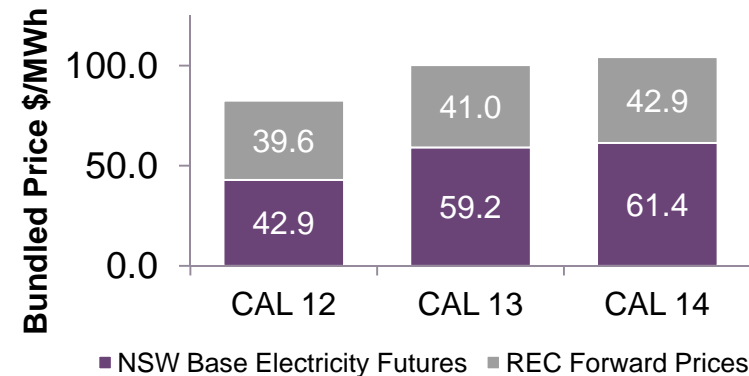


# Australian Regulatory Update – Carbon Price

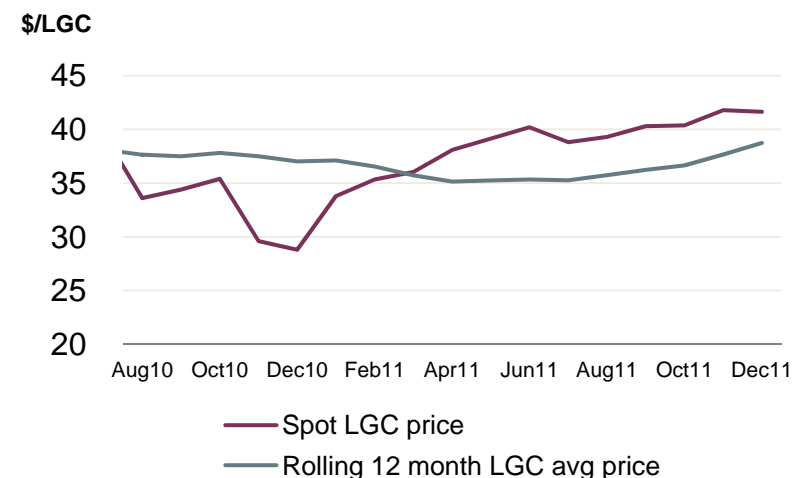
## Infigen to benefit from expected increase in wholesale electricity prices

- Forward electricity markets pricing in the cost of carbon
- Short term forward prices are at levels that could support new wind farm build
- Contract market remains sluggish due to continuing regulatory and political uncertainty surrounding RET in light of the carbon pricing legislation
- Strong price support for LGCs at around \$40 over the last 12 months
- Infigen’s contract profile is well positioned to capture benefits of transition to a low carbon economy
- Key competitive advantages:
  - Established operating assets
  - Generation has no fuel price exposure
  - Ability to contract long term with firm pricing (no carbon pass through)
  - Early mover advantage – mature development pipeline

Forward Electricity and LGC prices



Source: D-Cypha, Mercari February 2011

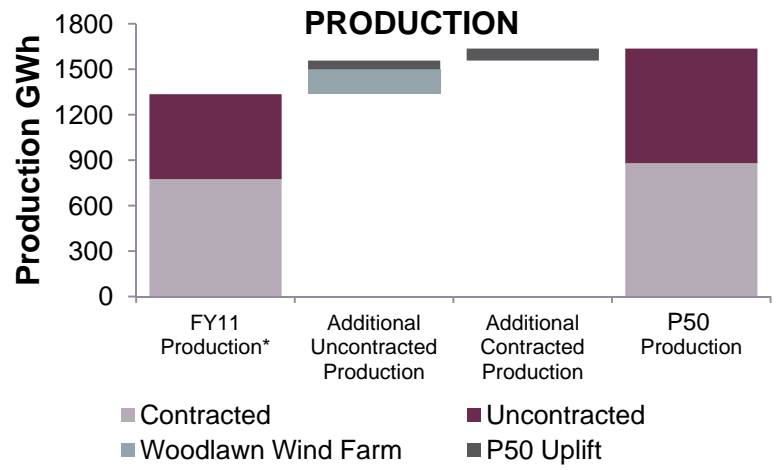




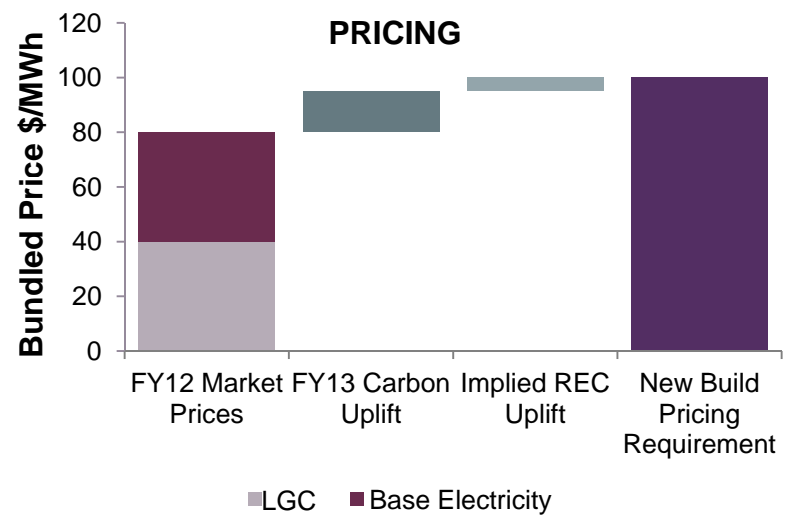


# Australian Regulatory Update - Infigen Assets

Infigen's merchant assets are positioned to capture significant earnings upside



\*Split on P50 basis



- ### Comments
- 42% of Infigen's Australian operating capacity is merchant (sold at market)
  - The currently merchant Woodlawn Wind Farm reached practical completion in FY12
  - Current bundled spot market prices are insufficient to support new build
  - Passage of carbon legislation is reflected in electricity futures prices
  - RET supply shortfall in 2014/15 will see market trending towards bundled prices that reflect new build economics (or LGC penalty of \$93/MWh in event of actual shortfall)
  - Price increases to benefit Infigen's merchant output (~\$7 million EBITDA for each \$10/MWh bundled price increase)

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# Outlook & Priorities



## GUIDANCE & OUTLOOK

- Based on current spot and forward prices for US and Australian wholesale electricity and Australian LGCs, the FY12 average portfolio price in each country is expected to be similar to that realised in the first half.
- US second half production is expected to be around P50; Unfavourable wind conditions in Australian is expected to result in production approximately 5% lower than earlier lower guidance for FY12
- Infigen expects to meet FY12 revenue guidance (US\$138-153m; A\$121-142m) despite lower Australian production
- Committed to operating cost performance in accordance with forecasts and competitive with industry benchmarks and peers
- Medium term increases in wholesale electricity and LGC prices in Australia with introduction of carbon price and lower LGC surplus
- Offtake contracts at acceptable prices more likely to become available as wholesale electricity market recovers and LGC surplus declines

## NEAR TERM PRIORITIES

- Maximise site availability and operational performance
- Continued focus on operational cost containment strategies
- Increase value of pipeline – toward construction ready status

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# QUESTIONS



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# Appendix

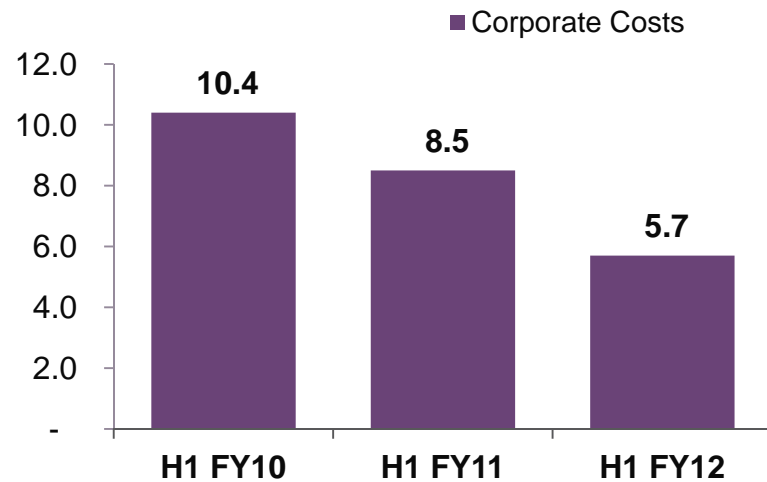




# Corporate Costs

Exceeded FY11 target reductions

Six months ended 31 Dec	2011	2010	Change %
Personnel including contractors	2.3	4.7	(51)
Audit, ASX, Link, Annual Report and Board expenses	0.9	1.7	(47)
Consultants & Advisors	0.4	1.0	(60)
Accommodation, Facilities, IT, Travel & Other	2.1	1.1	91
<b>Total Corporate Costs</b>	<b>5.7</b>	<b>8.5</b>	<b>(33)</b>



**Comments**

- Reduction in personnel and contractor costs including LTI write back (\$2.1 million)
- Further reductions are expected to be more modest



# Institutional Equity Partnerships

Six months ended 31 Dec (\$ million)	2011	2010	Change %
Value of production tax credits (Class A)	38.6	39.5	(2)
Value of tax losses (Class A)	2.0	10.5	(81)
Benefits deferred during the period	(13.9)	(21.4)	(35)
<b>Income from IEPs</b>	<b>26.7</b>	<b>28.6</b>	<b>(7)</b>
Allocation of return (Class A)	(21.9)	(24.8)	(12)
Movement in residual interest (Class A)	(2.6)	(0.5)	420
Non-controlling interest (Class B)	(3.6)	(1.6)	125
<b>Financing costs related to IEPs</b>	<b>(28.1)</b>	<b>(26.9)</b>	<b>4</b>
<b>Net income from IEPs (Statutory)</b>	<b>(1.4)</b>	<b>1.7</b>	<b>n/a</b>
Non-controlling interests (Class B & Class A)	1.9	2.0	(5)
<b>Net income from IEPs (Economic Interest)</b>	<b>0.5</b>	<b>3.7</b>	<b>(86)</b>





## Balance Sheet by Country

A\$M	31 Dec 11 IFN Statutory Interest	Less US Minority Interest	31 Dec 11 IFN Economic Interest	Australia	United States
Cash	144.6	0.9	143.7	122.2	21.5
Receivables, Inventory & Prepayments	69.1	2.1	67.0	44.1	22.9
PPE, Goodwill & Intangibles	2,822.8	172.3	2,650.5	1,119.4	1,531.1
Deferred tax & other assets	47.9	-	47.9	47.9	0.0
<b>Total Assets</b>	<b>3,084.36</b>	<b>175.4</b>	<b>2,909.1</b>	<b>1,333.6</b>	<b>1,575.5</b>
Payables & Provisions	56.1	2.8	53.3	26.6	26.8
Borrowings	1,107.8	-	1,107.8	758.0	349.8
Derivative Liabilities	171.0	-	171.0	108.0	63.0
Institutional Equity Partnerships	1,193.5	172.5	1,021.0	-	1,021.0
<b>Total Liabilities</b>	<b>2,528.40</b>	<b>175.4</b>	<b>2,353.1</b>	<b>892.6</b>	<b>1,460.5</b>
<b>Net Assets</b>	<b>556.0</b>	<b>-</b>	<b>556.0</b>	<b>441.0</b>	<b>115.0</b>

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