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# ASX Release

18 November 2010

## AGM PRESENTATIONS

Attached are the presentations to be delivered at today's Annual General Meetings of IFN securityholders, to be held at 11am at the InterContinental Sydney Hotel, 117 Macquarie Street, Sydney.

The Annual General Meeting will be webcast and can be viewed on the Infigen Energy website at <http://www.infigenenergy.com/investor-information/meetings/agm-2010.aspx>

**ENDS**

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## About Infigen Energy

Infigen Energy is Australia's leading specialist renewable energy business. We have interests in 36 wind farms across Australia, the United States and Germany. With a total installed capacity in excess of 1,700MW (on an equity interest basis), we currently generate over 4,200GWh of renewable energy per year, sufficient to power over half a million households.

As a fully integrated renewable energy business, we own and operate energy generation assets and directly manage the sale of the electricity that we produce in Australia to an expanding range of customers in the Australian wholesale market. With a track record of successfully developing new greenfield opportunities, we seek continually to expand our Australian production capacity by selectively progressing our deep pipeline of prospective wind and solar projects.

Regulatory frameworks in Australia and around the world are enforcing a progressive increase in the use of energy from renewable sources. Infigen is well positioned to participate in this mandated growth in demand over coming years.

Infigen Energy trades on the Australian Securities Exchange under the code IFN.

For further information please visit our website: [www.infigenenergy.com](http://www.infigenenergy.com)



# Annual General Meetings of Securityholders

## Infigen Energy

**11am, Thursday, 18 November 2010**

### **Mike Hutchinson, Chairman**

Our Company Secretary advises that a quorum of securityholders for each Infigen Energy stapled entity is present and so I now declare the Infigen Energy Annual General Meeting open.

All securityholders have been sent the Notice of Meeting, so unless anyone requires otherwise, I will take the Notice of Meeting as read. Additional copies are available here.

The proxy votes received for today's resolutions have been inspected by our security registry. All validly lodged proxies have been accepted. The numbers of proxy votes received will be displayed on the screen prior to voting on each resolution. As Chairman I will cast all undirected proxies in favour of the relevant resolutions.

### **Introductions**

Before we start the formal business of the Meeting, I would like to introduce to you my fellow Board Members:

- Miles George is the Managing Director of Infigen Energy. Miles was appointed as a Director effective 1 January 2009. Miles will be addressing securityholders later in the meeting and will be providing an update on the Company's performance.
- Doug Clemson is Chairman of the Audit, Risk & Compliance Committee as well as a member of the Nomination & Remuneration Committee.

Tony Battle, who has been a director since 2005 retires with effect from the end of this meeting. He has withdrawn his candidacy for re-election and has submitted apologies for his absence from this meeting.

We are also joined by Infigen's Company Secretary, David Richardson and by members of Infigen's senior management team, who are seated in the front row.

Finally, the Company's external auditors PricewaterhouseCoopers and remuneration consultant are also present today, represented by Andrew Wilson and John Egan respectively. I thank them for being here.

Infigen's 2010 Annual Report details the Company's financial and operating performance during the year. Copies of the report are available here today.

## **Valedictory**

My predecessor, Graham Kelly recently resigned as Chairman and Director of Infigen Energy. Furthermore, Tony Battle resigned from his position as the Chairman of the Board Nomination and Remuneration Committee and gave notice that he will not stand for re-election today. These announcements were made to the ASX last Friday.

I thank Graham and Tony for their service to the Company and wish them well for the future. Personally, I have valued their friendship and counsel in the short course of my own Board membership. The Company owes them a debt for their service, especially their leading roles in the internalisation process that almost certainly safeguarded Infigen from the fate that befell most of its former stablemates.

I can now announce that the Company has received a formal request from its largest investor, The Children's Investment Master Fund ("TCI") for a Board appointment. The Board will address this request shortly.

## **Performance**

Let me now say that it is a matter of regret to all of us that your Company has not performed well this past year. This has primarily been due to two key factors.

First, the Company's legacy assets have not performed in line with the original investment cases presented at the time of their acquisition or development. During the year, we have reviewed the investment case for each asset, the result of which was a revised set of expectations. The revised long term capacity factors were announced to the market in August this year, along with our annual results.

Operationally, primarily due to technical issues and adverse market conditions, a number of assumptions have failed to materialise. On the technical side, wind speed and turbine availabilities have been below those that were previously forecast. In addition, necessary post-warranty operating costs have turned out to exceed the investment case. This is consistent with industry-wide experience.

Broader adverse market conditions have resulted in lower than expected electricity prices and merchant revenues. In the US market electricity prices have been adversely affected by low gas prices and the weakened economy. In Australia, electricity and renewable energy certificate prices remain at long term lows as a result of economic and political conditions, a failure to legislate a Carbon Pollution Reduction Scheme, and flaws in the expanded Renewable Energy Target scheme.

Your Board will continue to address the implications of these conditions including measures to redress its effects.

The second key factor which has adversely affected our performance is our capital structure. The amount of debt held against the asset portfolio under the global debt facility is now higher than might be considered prudent, especially given the reduced performance expectations.

Under the terms of the global debt facility the net cash flows from the assets within the facility must now be used for debt servicing until repayment or refinancing occurs. While this is progressively reducing gearing to more prudent levels, it limits the cash flows available for distribution to securityholders and for developing the business.

In the coming year we will focus on delivering the following measures to preserve securityholder value in a prudent and sustainable manner:

- **Operational performance.** Infigen is committed to extracting maximum value for securityholders from its current portfolio, and we realise that this commitment has become increasingly important given the increase in operating costs as turbines come off warranty. Tight control over operating costs and corporate overheads is critical to realising this value. We are also focused on optimising asset performance and we are confident that this is best achieved by direct control rather than continued outsourcing of operational functions. Miles will say more about this shortly.
- **Development portfolio.** Current and future wind farm investment decisions are being based on more conservative and realistic parameters for generation output and operating costs. Debt will be held at less aggressive levels. The Company will continue to focus development solely on Australia. Development timing will have regard to the timing of expected energy price recovery.
- **Capital Discipline.** Your Board is fully committed to prudent capital management. All investment decisions will be assessed stringently against strict investment criteria and alternative uses of capital. We will continue to control costs rigorously.

Over the medium term we will also focus on the following measures:

- **Capital flexibility.** Infigen's global debt facility provides substantial cost benefits but it now also significantly constrains our capital flexibility. For this reason the Company will seek and assess funding alternatives that may be appropriate to secure financial independence for the US business, fund the Australian developments on sustainable terms, and facilitate efficient capital management.
- **US business.** The Company continues to assess options around the US business with a particular focus on moving that business to full operational and financial independence.

## Sale Processes

The Company's retention of its German and US assets during the past year was in order to sustain value.

The unsatisfactory bids for the US assets were due to bidders taking a conservative view on broader economic conditions, future electricity prices, wind resource and equipment problems. This was compounded by the high transaction costs that would have been associated with unwinding hedge positions.

The Company shares the market's disappointment at the outcome. But while the decision to retain these assets has significantly affected Infigen's funding flexibility, the benefits to securityholders of continuing to hold these assets materially exceeded the benefits of a sale at the prices offered at that time.

The Company remains open to a sale of any or all of its overseas assets if a suitably attractive offer is forthcoming. However, the realistic outlook is that such sales are unlikely in the current or following financial years.

## **Structure**

Infigen's corporate structure remains unduly complex. We have investigated removing the Bermudan entity because it is no longer expected to serve any significant purpose. However legal costs are prohibitive at this time.

The dual structure of company and trust continues to be required, both under the terms of banking covenants and also to afford the Company financial flexibility for the near term. This structure will be kept under review and simplified further as soon as that becomes prudent.

## **Progress**

Despite these issues, there were a number of developments throughout the year that I would like to acknowledge. These support Infigen's position in the Australian renewable energy market.

On 18 November 2009 the then Prime Minister, the Hon Kevin Rudd MP, formally opened the 140.7 MW Capital Wind Farm, the largest wind farm in NSW and the first to be connected directly to the NSW transmission network. The Company also completed the expansion of its wind farm at Lake Bonney in South Australia, and it is now the largest wind farm in Australia with a capacity of 278.5 MW.

Over the past twelve months Infigen received approval and commenced construction of Woodlawn Wind Farm, alongside the Capital Wind Farm. Woodlawn was announced to have a total capacity of 42 MW and is expected to be commissioned during the second half of 2011. Woodlawn will benefit from common land ownership and shared transmission infrastructure with Capital Wind Farm.

I can announce today that the Board has approved a modest enlargement of the Woodlawn Wind Farm. An additional 6.3 MW will be added at a cost of approximately \$14 million, taking advantage of the economies of scale available at this site. This will take the total capacity of Woodlawn Wind Farm to 48.3 MW.

The acquisition of Infigen Energy Markets in March 2010 has enabled Infigen to remove a significant credit risk exposure at Capital Wind Farm. Infigen also becomes a retailer of electricity to end use industrial customers initially through direct supply to Sydney Water's desalination plant.

During the 2010 financial year the Company invested a further \$42 million in buying back its securities at times when this represented the best use of available capital.

However, as an ongoing operating and development business, with valuable development opportunities, there are prudent limits to any further buyback program, notwithstanding that the terms of the debt facility have in any event precluded this since 1 July 2010.

## **Solar Flagships Program**

During the year, Infigen formed a consortium with Suntech Power, the world's largest supplier of crystalline silicon photovoltaic (PV) modules to the residential, commercial and utility-scale solar markets. The consortium's 150 MW of solar PV power generation proposal has been short-listed by the Federal Government's Solar Flagships Program.

The bid remains subject to stringent review by the Board, having regard to Infigen's strict investment criteria.

## Regulation

I also wish to comment on the debilitating effect on the Australian renewable energy industry of ongoing regulatory uncertainty and change.

The Federal Government's 2009 mandated 20 percent renewable energy target was an essential underpinning for the industry after the tokenism of the former target.

But, its effect was almost immediately undermined by a profligate and politicised treatment of renewable energy certificates – or “RECs” – awarded prematurely and in inflated amounts to various subsidised household devices from solar hot water systems to energy-consuming heat pumps.

These “phantom RECs” immediately undermined the economics of the utility-scale renewable energy investments that are ultimately required to achieve the 2020 target – including both committed and built projects.

Commercial investors and credit providers rightly saw higher risks, raising the threshold for new investment approval.

The Federal Government's pre-election adoption of the quarantined pool of RECs for large scale systems from 1 January 2011 was then a welcome, albeit partial, correction.

It again promised to reduce the uncertainty and restore most of the incentive.

But, post election, this promise is currently being undermined by draft transitional regulation.

In the name of grandfathering genuine small scale pre-commitments, the regulation threatens to drag out the time frame over which the over-supply of phantom RECs will persist. This will further delay utility-scale renewable energy development.

As climate change deniers well know, delay – in this case, in the stable implementation of the original 20 percent renewable energy target – is the deadliest form of denial. I am not sure the delay is deliberate. But it is effective.

Meanwhile, in various jurisdictions, local utilities – or rather their customers – are subsidising residential solar at up to \$500-600 per MWh, up to six times the cost of utility scale renewable energy.

This is not to deny the case for appropriate government support for solar energy. Indeed, such support is necessary for it to gain the economies of scale, scope and experience for it to realise its long term potential. The Infigen-Suntech joint venture seeks to be a constructive part of that process.

The industry and the economy need clear, stable and reliable policy settings that are not subject to constant change.

To address the current regulatory uncertainty, the Government needs to:

- Implement regulation that mitigates the creation of further surplus RECs beyond the legislated cap; and
- Ensure that the future introduction of carbon pricing is carefully managed to afford stability for the commercial position of current renewable energy investment programs.

Once this certainty is in place, over the next ten years we estimate approximately 1,000 MW of new wind energy capacity per annum is required to deliver the mandated target.

The Company's focus will be on applying its assets and capabilities to this opportunity in the Australian market.

I would like to finish by acknowledging the efforts of our Managing Director Miles George and his management team during what has been a challenging year and, on behalf of the Board, I would also like to thank all Infigen employees for their dedication and hard work during the year.

It is now my pleasure to invite our Managing Director Miles George to address the meeting.

### **Miles George, Managing Director**

Thank you Mike. Good morning Ladies and Gentlemen and welcome again to Infigen's 2010 Annual General Meeting.

As Mike outlined, Infigen faced a challenging environment during 2010. Our performance was adversely affected by poor wind conditions, a significant deterioration in wholesale market prices for electricity and renewable energy certificates (RECs), and a significant appreciation of the Australian dollar. These factors led to a decline in our revenue and profit in Australian dollars relative to our 2009 result. The key features of our full year result were as follows:

- Revenue of \$295.6 million, down 2.7 percent on the previous year
- EBITDA of \$172.7 million, down 8.4 percent
- EBITDA margin of 58.5 percent, down 3.6 percent
- Statutory net loss of \$73.5 million. This compares to a net profit in 2009 of \$192.9 million which reflected a net gain of \$264.3 million realised on the sale of our Spanish and Portuguese assets
- Corporate costs of \$21.8 million, a reduction of \$4.7 million (or 17.7 percent),
- Net operating cash flow of 12.6 cents per security
- Net debt of \$1.19 billion, \$50 million less than at June 2009

Currency movements have played a significant role in our reported results for the year ended 30 June 2010. The Australian Dollar's appreciation against the Euro and US Dollar reduced reported revenue by \$36.3 million. However, given that the debt associated with our US assets is denominated in US Dollars, this had the effect of providing a natural hedge against these currency movements. As a consequence of these currency movements, our debt as reported in Australian Dollars reduced by \$77 million.

### **Operations**

Despite weaker financial results, Infigen increased its net operating capacity during the year by 11.6 percent to 1,726MW. This reflects an increase in our Australian

installed capacity of 180MW, partially offset by the sale of our 52MW French wind farm assets.

Production from continuing operations increased two percent to 4,299GWh. This was marginally below the guidance range that we had provided.

- Production from our Australian wind farms increased 30 percent to 1,137GWh due primarily to the contribution from Capital Wind Farm.
- Production from our US wind farms fell 7 percent to 2,950GWh, reflecting the lower than average wind resource during the year.
- Production in Germany increased 27 percent to 212GWh, reflecting a full year contribution from new capacity additions, partially offset by poor wind conditions.

One of our operational priorities is to improve turbine availability across the portfolio. We improved availability slightly throughout the year, from 94.3 percent to 94.6 percent on a capacity weighted basis. For the 2011 financial year we have set an availability target of at least 95 percent.

### **Operating Costs**

A key operational challenge for the business as our wind farms reach the end of their warranty terms is the containment of operating costs. During the warranty periods, which typically range between two and five years, the turbine manufacturers take responsibility for the operations and maintenance of the assets under a subsidised, fixed price Operations and Maintenance agreement.

Once these warranty periods expire, the pricing for equivalent operations and maintenance services steps up by approximately \$5 - \$10 per MWh. This is largely due to our allowances for post-warranty replacement parts not previously accounting sufficiently for the sharp price increases that have resulted from the recent rapid growth in the industry.

We are transitioning to direct control of our assets to better align asset performance with our ownership interests. As each wind farm rolls off warranty, we take direct responsibility for all operational decisions previously outsourced to the manufacturer. These include, for example, management of maintenance activities, competitive tendering for service contracts and supply chain management. Through this approach we aim to improve turbine availability and operational performance, thereby partly mitigating the impact of these increased costs.

In the United States, 48 percent of our assets (measured by capacity) remain under warranty. This will reduce to 39 percent by June 2011. In Australia, 84 percent are currently under warranty, reducing to 39 percent by June 2011.

### **Capacity Factors**

With our results announcement in August we released an updated estimate of the long term capacity factors for each of our wind farms. The weighted average capacity factor has been revised down from 36 percent to 34 percent. This adjustment follows an independent review of all of the original wind and energy assessments and takes into account the observed operational performance of each wind farm since the commencement of operations.



While the findings of this review were disappointing, we are confident that the revised capacity estimates will now provide a better basis from which to predict our output over the long term.

### **Australian Development Activity**

Our strategy for growth is focused solely on opportunities in the Australian market.

During the year we commenced operations at two new wind farms in Australia – Capital Wind Farm in New South Wales and Stage 3 of the Lake Bonney Wind Farm in South Australia.

With a capacity of 140.7MW, Capital Wind Farm is almost five times the size of the next largest wind farm in New South Wales. The commissioning of Lake Bonney Stage 3, with a capacity of 39MW, takes our Lake Bonney wind farm to a total 278.5MW, making it by far the largest in Australia.

During the year we also commenced construction of the Woodlawn Wind Farm, with a capacity of 48.3MW. Woodlawn is located adjacent to the Capital Wind Farm enabling efficient sharing of the established connection infrastructure. We expect Woodlawn to be operational in the second half of 2011.

We have a high quality pipeline of prospective new developments in Australia. However we will only commit to initiating new developments once we are able to secure attractive off-take arrangements and satisfy Infigen's strict internal rate of return requirements.

### **Solar Opportunity**

As Mike described earlier, we have formed a consortium with Suntech Power in a bid to establish Australia's first large scale solar photovoltaic electricity generation project under the Federal Government's Solar Flagships Program.

The Infigen-Suntech proposal is for a total of 150MW of capacity across four sites in New South Wales.

We have been shortlisted as one of four candidates to secure Government funding under the program. We expect the Government to announce the successful applicant in the first half of 2011.

Given our experience in developing, owning and operating utility-scale renewable energy projects, we consider solar energy development to be a natural extension of our business. With the significant grant funding available under the program, along with the opportunity to secure both limited-recourse debt funding and project-level equity co-investment, we expect that the net cash funding requirements for the project would be within our current capacity.

As with all other investment opportunities, the Solar Flagships bid will be subject to Board approval, and must provide adequate returns when compared against other investment opportunities currently available to the Company.

### **Australian Regulatory Environment**

Amendments to the Government's Renewable Energy Target legislation passed in June this year require that approximately 90 percent of the expanded target will be met by large scale generation projects.

Under the legislation, energy retailers face an increasing annual obligation to purchase renewable energy, which steps up significantly after 2015.

As many of these parties have limited or no in-house capacity to deliver their mandated obligations, we believe that independent developers and operators such as Infigen will supply the majority of the increase in renewable energy capacity.

In total, to meet the 2020 target, we estimate that a five-fold increase in installed wind capacity is required. We expect this to drive investment in up to 1000MW of new installed capacity each year and we believe that Infigen is well positioned to contribute to this need.

## **Outlook**

Under the requirements of our corporate debt facility, Infigen's surplus operating cash flow from existing operating assets is being applied to the repayment of debt.

We had previously indicated that we expect to retire approximately \$200 million of debt over the next two financial years. We now expect this to be closer to \$100 million. Approximately half of this reduction is due to one off working capital items including increased inventory of spare parts, and equipment upgrades in Germany, which are required to secure bonus tariffs. These reductions reflect an allocation of available cash to investments in hard assets rather than to debt repayment.

The remainder reflects the appreciation of the Australian dollar as well the delay in recovery of domestic and US energy prices.

It is worth noting that while the appreciation of the dollar has negatively effected the rate at which we can pay down our debt, it has also had the effect of reducing our overall debt burden by approximately \$75 million since 30 June 2010.

Maximising cash flow across all of our operations is one of our key priorities.

We will continue to drive increased operating efficiencies. We aim to achieve turbine availability of better than 95 percent for 2011.

Our energy markets team will continue to actively manage the risks and returns associated with the sale of our Australian electricity production and renewable energy certificates. Our experience suggests that the active management of our market exposures will continue to deliver incremental revenues for our Australian business.

Our focus will be on containing our costs. Operating costs will be controlled by moving to direct control of our assets and applying our in-house asset management capabilities. We will also continue to focus on managing overheads and expect to see a further reduction in corporate costs this financial year of approximately \$1.3 million.

We will continue to work hard to maximise the performance and returns from our US and German businesses, while at the same time exploring opportunities to establish an independent capital structure for our US business.

Our development team continues to build on a solid track record of delivering new capacity additions on time and within budget. Woodlawn Wind Farm is progressing well and is on track for completion in the second half of 2011.

Whilst the cost of our corporate facility is very low by current market standards, our capital flexibility is considerably constrained by the facility, limiting our ability to pay

distributions and affecting the structure by which we might fund future Australian development opportunities. We are actively assessing complementary sources of capital to address the constraint on our development activities. In particular we are evaluating project level debt and the opportunity to introduce co-investors at the project level.

It is the nature of a wind energy business that returns in any year are influenced by wind conditions. However, over a longer term, we expect relatively predictable revenues from our operating assets. We anticipate that our revised long term capacity factor estimates will help ensure a closer alignment between our guidance and actual production levels and help to improve the reliability of our performance forecasts.

We have not changed our guidance for the 2011 financial year which was provided at our full year results announcement. Production guidance remains in the 4,335GWh – 4,889GWh range and revenue guidance is in the \$286 million - \$322.4 million range.

From a revenue perspective, the guidance provided assumes that RECs generated in the period are sold in the period. It is important to note that we actively assess REC market conditions and determine how many RECs to sell and how many to retain for future sale. The number of RECs we choose to sell during the period will ultimately have an affect on reported revenues.

We are firmly committed to delivering improved operating performance and to building on Infigen's position as a leading Australian specialist renewable energy business.

I will now hand back to Mike to conduct the formal proceedings of today's meeting.


Thank you.

# Infigen Energy Annual General Meeting

18 November 2010



Welcome

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**Mike Hutchinson**  
Chairman

# IFN Directors & Company Secretary



**Michael Hutchinson**  
Chairman



**Douglas Clemson**  
Non-Executive Director



**Miles George**  
Managing Director



**Tony Battle**  
Non-Executive Director



**David Richardson**  
Company Secretary

# Year in Review

## External Challenges

- Low electricity prices
- Low wind
- Regulatory uncertainty
- Australian Dollar appreciation

## Operational and Structural Challenges

- Over-optimistic investment cases
- Site availability
- Post warranty O&M costs
- Corporate debt constraints

- Lower production
- Lower revenue
- Asset sales prospects reduced
- Reduced availability of PPAs
- Increased investment risk
- Cash constraints

# FY11 Focus – Improved Operational Performance

## Operational Performance

- Optimise asset performance to maximise revenue and cash flow
- Tight control over operating costs and corporate overhead

## Development Portfolio

- Conservative parameters for investment decisions
- Development focused solely on Australia

## Capital Discipline

- Actively seek and assess options to improve capital flexibility
- Seek equity co-investors for future developments
- Stringent review of project investment returns



# Progress



- 140.7MW Capital Wind Farm
- 39.0MW Lake Bonney Stage 3
- 48.3MW Woodlawn Wind Farm

- Improved Risk Management
- Channel to industrial customers


- Comparison with alternative uses of capital
- Minimum economic returns
- Conservative project assumptions

# Australian Regulatory Framework

- **Regulatory progress has been made**
- **Uncertainty remains**
- **Project economics are challenging**
- **Stable and certain regulation for market confidence**



# IFN Update

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**Miles George**  
Managing Director



# FY10 Financial Overview

	FY10	FY09	Change	
Revenue	\$295.6 million	\$303.8 million	down	2.7%
			up	10.5% CER
EBITDA	\$172.7 million	\$188.6 million	down	8.4%
			up	4.7% CER
EBITDA Margin	58.5%	62.1%	down	3.6%
Underlying Pre-tax Loss	(\$31.4 million)	(\$45.1 million)	down	\$13.7 million
Statutory Net Profit / (Loss)	(\$73.5 million)	\$192.9 million	down	\$266.4 million
Net Operating Cash Flow per Security	12.6 cps	20.4 cps		
Capital Expenditure	\$148.0 million	\$491.8 million	down	\$343.8 million
Net Debt	\$1.19 billion	\$1.24 billion	down	\$0.05 billion
Book Gearing	62.4%	58.6%	up	3.8%
EBITDA/Capital Base	9.0%	9.3%	down	30bps

# FY10 Operational Overview

- Lost time injury frequency rate reduced by 11%
- Generation from continuing operations increased by 2% to 4,299 GWh
  - Australia: 1,137GWh, up 30%
  - US: 2,950GWh, down 7%
  - Germany: 212GWh, up 27%
- Average turbine availability improved by 0.3% to 94.6%
- Construction of 180MW of new capacity in Australia
- Five additional US wind farms and one Australian wind farm transitioned to direct operational control – 36% now under direct control
- Increased operating costs post-warranty of \$5-10 per MWh
- Revised guidance in line with reduced long term capacity factor estimates

# Australian Development Activity

Completed 180MW of new capacity in FY10

## Completed and Under Development

### Completed Capital Wind Farm, NSW (140.7MW)

- Largest wind farm in NSW
- Output fully contracted until 2030

### Completed Lake Bonney Stage 3, SA (39MW)

- Largest in Australia with 278MW installed capacity
- Potential for further expansion

### Commenced Woodlawn, NSW (48.3MW)

- Commenced construction in August 2010
- 6.3MW enlargement approved November 2010
- Scheduled to be completed 2<sup>nd</sup> half of 2011

### Progressed Development Pipeline

- Ongoing development of pipeline prioritising highest yielding opportunities



Capital Wind Farm , NSW



Lake Bonney Wind Farm, SA

# Solar Power Opportunity



## Solar Flagships

### The Commonwealth Solar Flagships Program

- \$1.5bn committed to support construction of up to 4 large scale solar power stations
- Grant funding of 33% of capital cost

### Infigen Consortium with Suntech Power

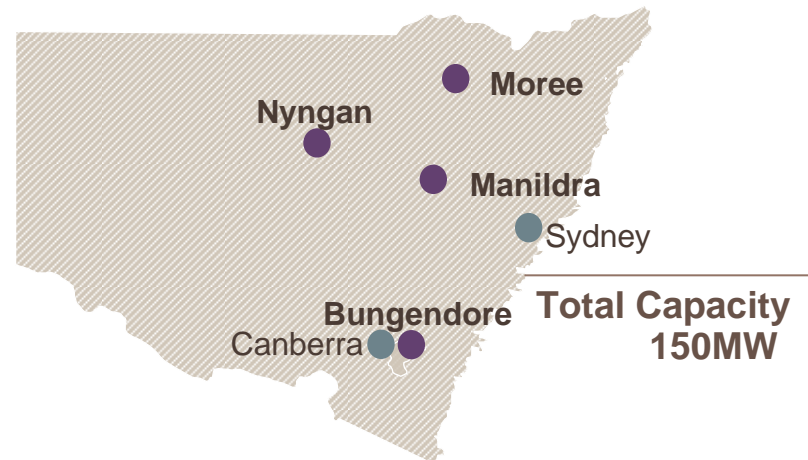
- World's leading supplier of crystalline silicon solar photovoltaic modules
- NYSE Listed, Market Cap US\$1.5bn

### Shortlisted as one of 4 applicants

- Proposal to develop the largest solar PV facility in Australia, 150MW across 4 sites
- Learning opportunity strengthens in-house capabilities
- Successful applicant to be announced first half 2011

### Capital Discipline

- Bid subject to stringent review and Board approval of final project parameters

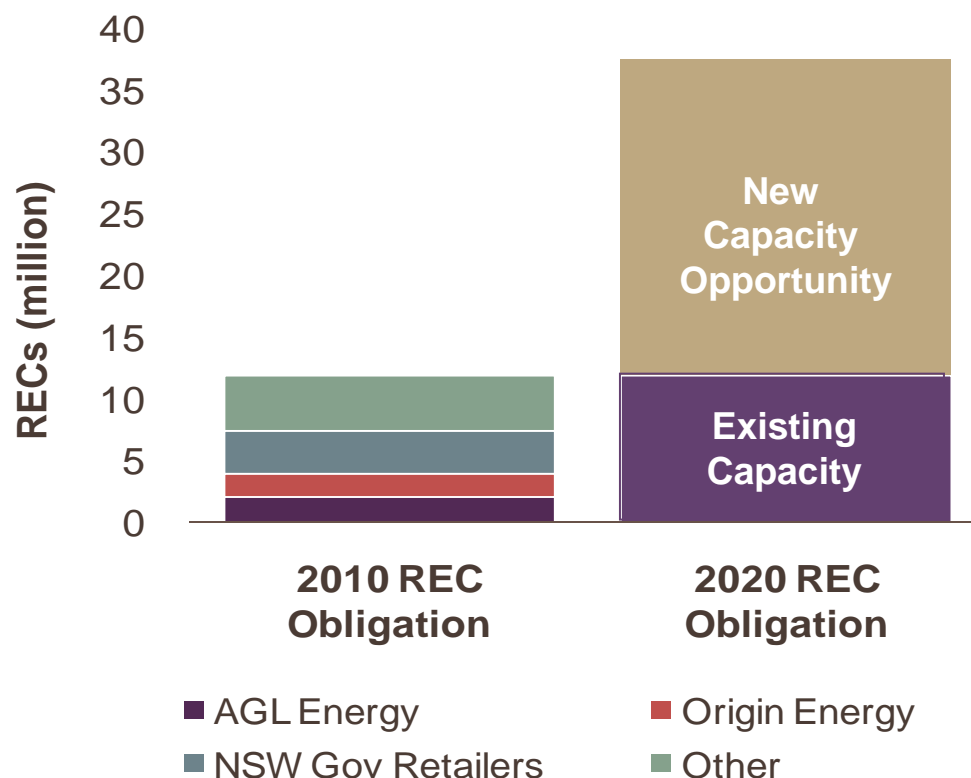


● Proposed Solar Farm Sites



# Australian Regulatory Update

## Total Annual REC Obligation



- Over 9,000 MW of wind power equivalent capacity<sup>1</sup> will be required to meet the 2020 target
- This equates to a five fold increase in installed wind capacity by 2020 or ~1,000MW of new capacity per annum
- Most REC liable parties have limited in-house capacity and specialist renewable development expertise
- Infigen development pipeline to make a major contribution to the looming shortfall

Source: Company reports, Renewable Energy (Electricity) Act 2000: Amended up to Act no 69 (2010), ABARE Energy Update July 2010 and AEMO

1. Assumes 32% average capacity factor, wind contributes 75% of total LRET per retailer, constant market share per company by 2020.



# Priorities and Outlook

## Business Priorities

- Maximise operating cash flow across all operations
- Actively manage Australian energy markets exposure to maximise returns
- Maintain disciplined cost management
- Continue to roll out direct control of our wind farms
- Only pursue Australian development opportunities which exceed required returns based on conservative project parameters
- Diversify sources of capital and seek and assess other sources of funding

## Regulatory Environment

- ~90% of expanded target will be met by large scale projects
- Current REC surplus needs to unwind over medium term
- Steep ramp up profile of LRET after 2015 may catch obligated parties short
- Most REC liable parties have limited in-house capability to deliver mandated requirements

## Financial Outlook

- FY11 Production Guidance: 4,335 GWh – 4,889 GWh
- FY11 Revenue Guidance: \$286.6m – \$322.4m
- Approximately \$100m debt repayment over FY11 and FY12

**Mike Hutchinson**  
Chairman



# Item 1: Financial Report

## Company, Foreign Company and Trust

To receive and consider the combined consolidated financial report of IFN and the separate financial report of the Trust, as well as the respective reports of the Directors and Auditor for the year ended 30 June 2010.

*There is no vote on this item.*



# Item 2: Remuneration Report

Company only

To adopt the Remuneration Report for the year ended 30 June 2010. The Remuneration Report is set out in the Directors' Report included within the IFN Annual Report 2010.

*This is a non-binding advisory vote.*



# Item 3: Director Re-election

## Company and Foreign Company

As announced to the market on 12 November 2010, this item has been withdrawn due to Mr Tony Battle notifying that he would not be standing for re-election as a Director.

# Item 4: Participation in the Performance Rights and Options Plan by Mr Miles George

Company, Foreign Company and Trust



To consider and, if thought fit, to pass the following as an ordinary resolution of each of the Company, the Foreign Company and the Trust:

That approval is given for all purposes under the Corporations Act and the Listing Rules of the Australian Securities Exchange for:

- (a) the issue to Mr Miles George, Managing Director of the Company, under the Performance Rights and Options Plan (“PR&O Plan”) of up to 807,128 Performance Rights; and
- (b) the issue or transfer of, and acquisition accordingly by Mr Miles George of, Stapled Securities in respect of those Performance Rights,

all in accordance with the terms of the PR&O Plan and on the basis described in the Explanatory Memorandum accompanying the Notice of Meeting convening this meeting.



# Item 5: Retirement Benefits Framework

Company only

As announced to the market on 15 November 2010, following discussions with investors and other stakeholders, it has been decided not to proceed with this item in its current form and accordingly the resolution for this item has been withdrawn.

# Item 6: Authorisation of on-market share buy-back

Foreign Company only

To consider and, if thought fit, to pass the following as an ordinary resolution:

That, in accordance with bye-law 8.3(a) of the Bye-laws of the Foreign Company, the shareholders of the Foreign Company ratify the buy-back of 42,086,157 ordinary shares of the Foreign Company during the period from 20 May 2010 to 30 June 2010.





# Item 7: Re-appointment of Auditor

**Foreign Company only**

To consider and, if thought fit, to pass the following as an ordinary resolution:

That PricewaterhouseCoopers, being the current Auditor of the Foreign Company, be re-appointed as Auditor of the Foreign Company to hold office until the close of the next Annual General Meeting of the Foreign Company at a fee to be determined by the Directors.

# Infigen Energy Annual General Meeting

18 November 2010

