ASX Release

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16 June 2010

BUSINESS UPDATE

Infigen Energy (ASX: IFN) has today provided a business update as contained within the accompanying presentation. This presentation includes commentary on the following agenda items:

Inherent Value:
IFN has a leading position in the Australian renewable energy market with attractive development prospects. Proposed amendments to Australia's mandatory renewable energy target legislation are forecast to generate strong demand for contracts to supply renewable energy to the liable parties. IFN expects to be a key provider of the mandated increase in utility scale renewable energy capacity, with high returns expected from projects in the development pipeline.

IFN also owns a high quality wind energy business in the US encompassing one of the top eight wind farm portfolios in that country. Following an evaluation of final offers received for its US wind energy business IFN discontinued the US sale process as the benefits to securityholders of retaining the US business materially exceeded the benefits of a sale at final bid pricing which was above book value.

The current IFN security price attributes no equity value to IFN's US business, or to the attractive growth prospects for the Australian business.

Business Performance Targets:
IFN has in place clear business performance targets. Turbine availability targets of 95% are provided in the US and Australia for FY11. Plans are outlined for 11 US wind farms and two Australian wind farms to move to direct operational control in FY11. Corporate costs are tracking significantly below guidance which already provided for a 25% cut over 2 years.

IFN remains focused on delivering its FY11 Australian construction program of 160MW subject to favourable economics, and will only commit to the best return projects within its pipeline. The Energy Markets group is aiming to secure new customers with a target to optimise the achievable $/MWh through a mix of contract and market arrangements.

Capital Structure:
IFN expects to retain the significant leverage and cost benefits of the existing global corporate debt facilities for the next 2-3 years. The rapid repayment of debt and US tax equity over this period will enable IFN to maximise future flexibility and refinancing options in 2012/2013.

IFN is currently considering other potential capital sources to fund continued growth of its Australian business and will also assess options to establish an independent capital structure for the US business in the medium term.

Following the release of the accompanying presentation, IFN will be hosting a teleconference for investors and stock broking analysts tomorrow at 3.00pm (Australian Eastern Standard Time). A recording of this teleconference will also be available on the website. For conference line details contact +61 2 8031 9900.

ENDS

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About Infigen Energy:

Infigen Energy is Australia's leading specialist renewable energy business. Infigen Energy has five wind farms in Australia with a total capacity of 508MW and plans to significantly expand its renewable energy business through the delivery of projects from its Australian development pipeline. Infigen also owns and operates US and German wind energy businesses taking its aggregate wind energy business interests to 35 wind farms with a total capacity of 2,194MW.

Infigen's US business comprises 18 wind farms with a total installed capacity of 1089MW and also includes the Bluarc asset management business. It is the largest independent portfolio of wind energy generating assets in the US.

Infigen's presence in Germany comprises 12 wind farms with a total installed capacity of 128.7MW.

Infigen is listed on the Australian Securities Exchange and has a market capitalisation of approximately A$0.7 billion.

For further information please visit our website: www.infigenenergy.com

Business Update

June 2010

Agenda

- **Executive Summary**
- Inherent Value
- Business Performance Targets
- Capital Structure
- Wrap Up
- Appendix

Presenters:

Miles George	Managing Director
Gerard Dover	Chief Financial Officer
Geoff Dutaillis	Chief Operating Officer

For further information please contact:
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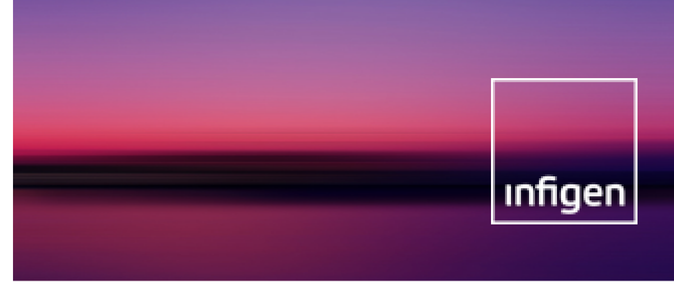
Executive Summary

- **Inherent Value**
  - Leading position in Australian renewable energy market with attractive development prospects
  - High quality US business attracted final bid pricing above book value
  - Current IFN security price attributes no equity value to the US business or the Australian growth prospects
- **Business Performance Targets**
  - Meet objective and measurable performance targets for existing assets
  - Achieve high returns from new investments in development pipeline projects
  - Secure new customers and optimise $/MWh with new contract and market arrangements
  - Continue reductions in corporate costs
- **Capital Structure**
  - Expect to retain leverage and cost benefits of global facility for the next 2-3 years
  - Develop options to attract new sources of capital to fund growth in Australia
  - Develop options to achieve independent operation and financing of the US business

Agenda



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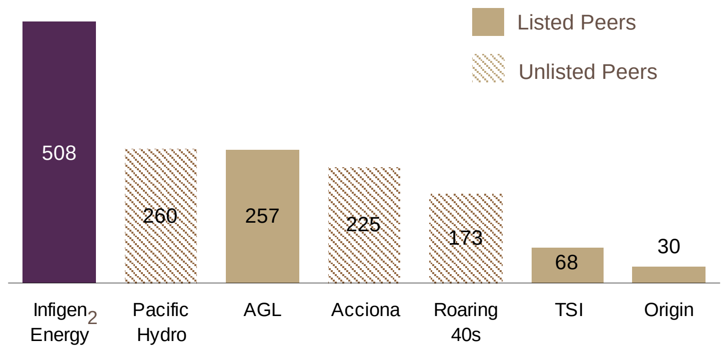
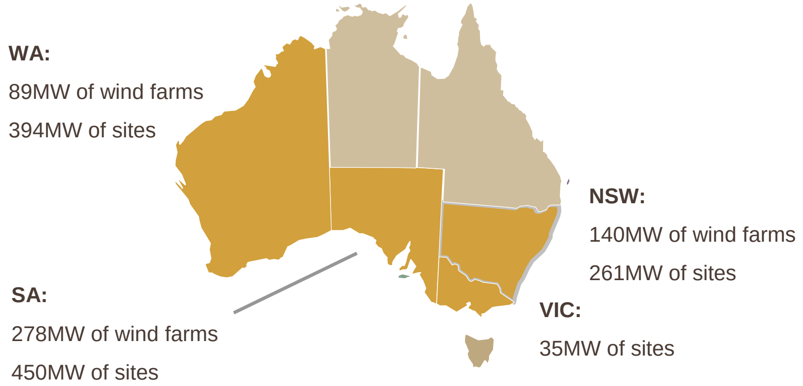
Inherent Value: Leadership Position in Australia

- Australia's leading specialist renewable energy developer, owner and operator
- Proven expertise across the value chain
  - Proven development team
  - Strong track record of successful delivery – five major Australian projects
  - Proven operational performance with direct control strategy upside
  - Energy markets capability
- High quality development opportunities
  - Large, well diversified development pipeline
  - 1,000 + MW
  - Expected high teens equity returns

Australian Wind Farm Owners (operating MW)[1]



Key Development Projects



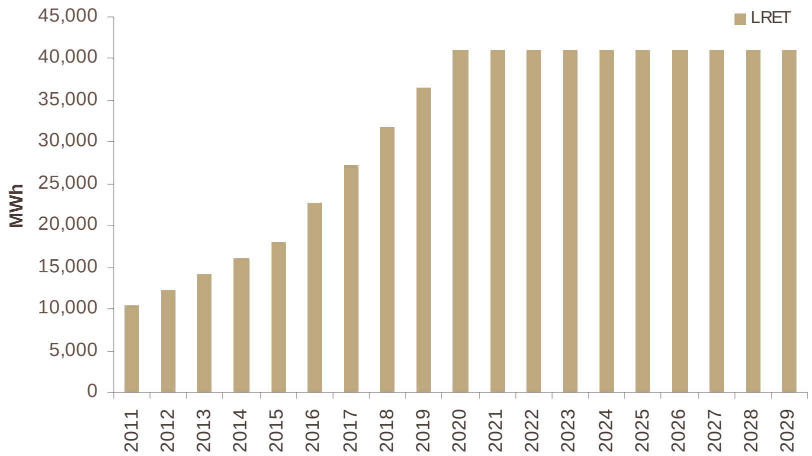
1. Clean Energy Council (2010) and Company Websites. Excludes contracted capacity
2. Lake Bonney 3 wind farm (39MW) currently in final stages of commissioning

Inherent Value: Strong Demand for Renewable Energy in Australia

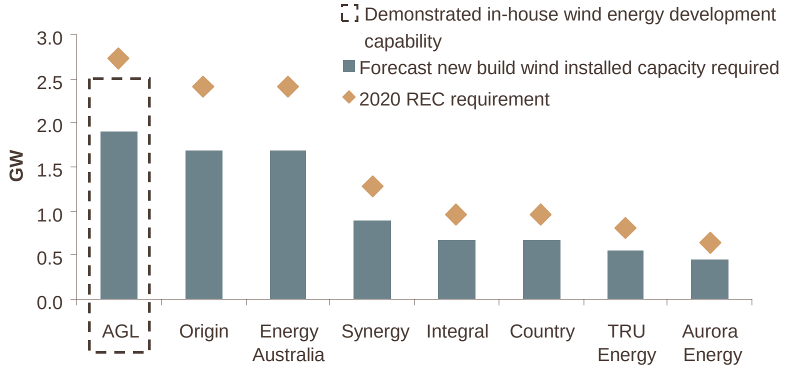
Implementation of LRET creates new opportunities

- Over 8,000MW[2] of additional installed wind capacity expected to meet Federal Government's LRET target
  - LRET quarantines a large utility-scale target
  - Expect legislation to pass by mid 2010
  - Wind energy expected to account for around 70% of mandated renewable energy generation
- Availability of construction phase debt facilitated by LRET amendments
- Limited in-house capacity of REC liable parties to deliver their mandated requirements
  - Around 80% of mandated requirements expected to be supplied by third parties
  - Expect contract market to revive following LRET passage and removal of REC oversupply

Demand for Renewable Energy in Australia[1]



REC Obligation by Electricity Retailer (GW)[2]



1. Enhanced RET Fact Sheet, Australian Govt February 2010
2. Emerging Energy Research: Australian Wind rebounds October 2009

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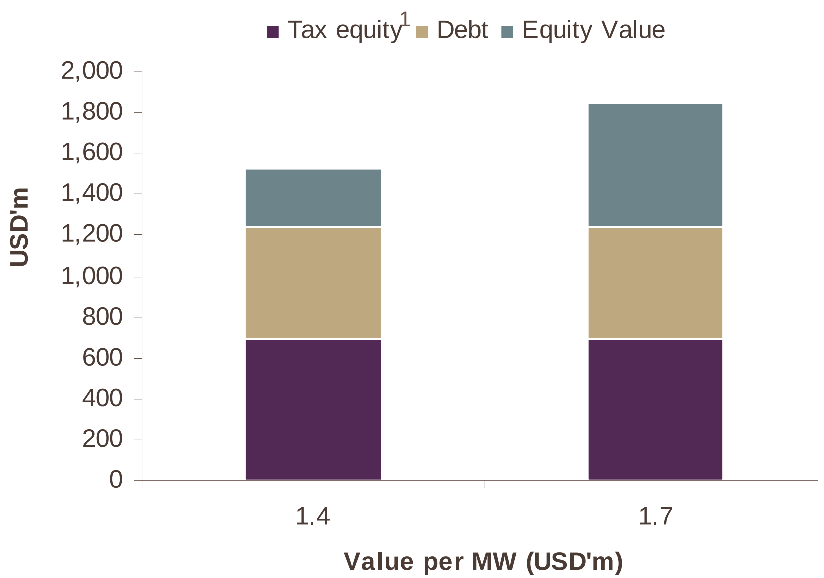
Inherent Value: US Valuation Sensitivity Analysis

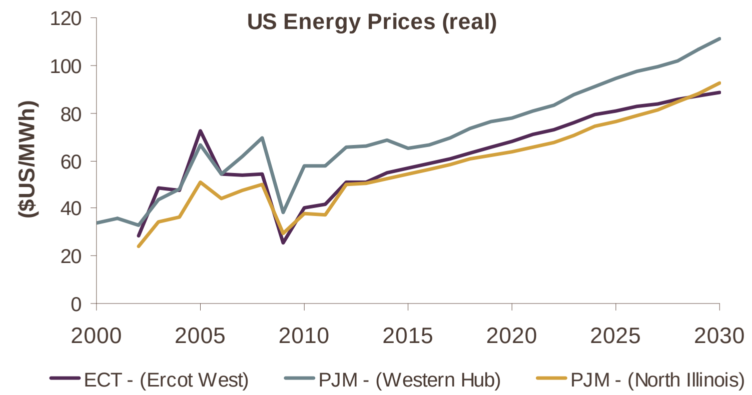
Significant upside potential in the US business

Enterprise Value (US$'m) – (illustrative only)

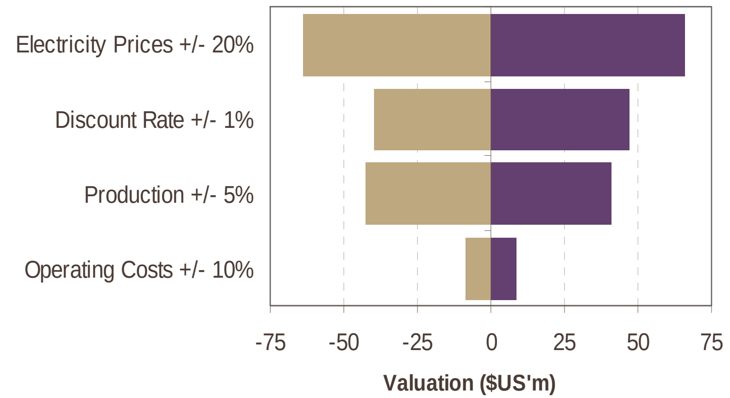


- **US$1.2 billion of low-cost funding**
- **Significant upside / residual equity value**

Power Prices: Expected Modest Recovery[2]



Sensitivities



1.Based on 31Dec 2009

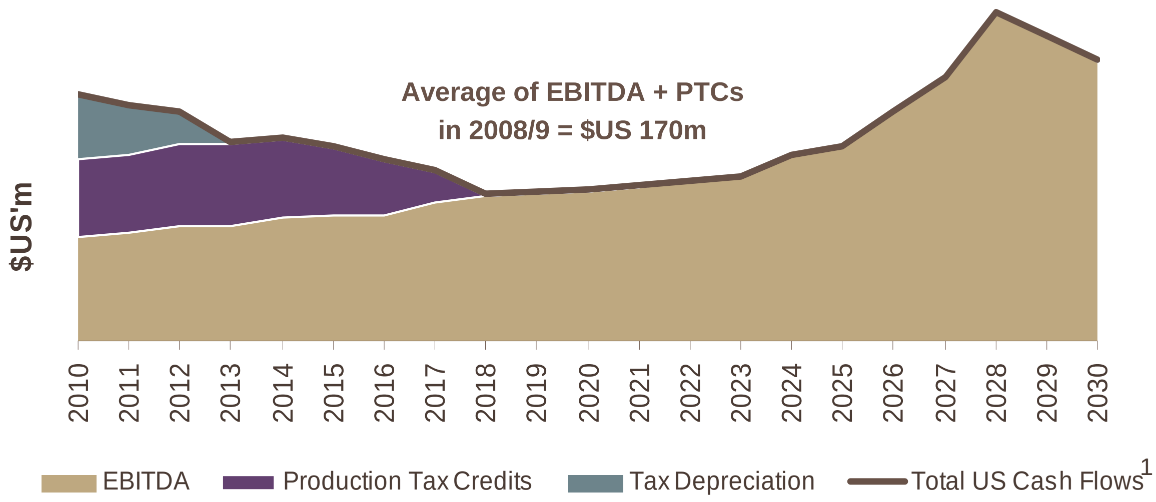
2. Ventyx historical and forecast prices: Fall 2009

![infigen]

Inherent Value: Strong Cash Flows from US Business

Enables rapid repayment of debt and underpins valuation

Projected Cashflows for US Business (illustrative only)



Key US Cash Flow Assumptions and Verification

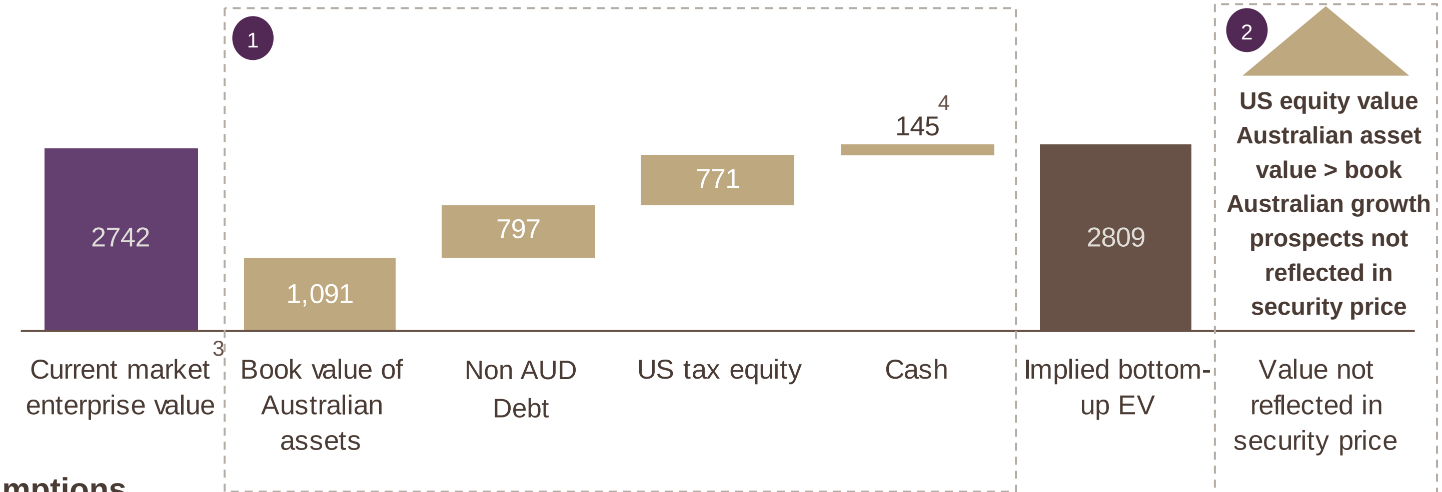
Production	Infigen and Garrad Hassan
Forward power prices	Ventyx and Wood Mackenzie
Operational costs	Infigen and Garrad Hassan
Asset life	25 years (excludes any terminal value and ‘repowering’ opportunity)
Bluarc earnings	Appointed asset manager on majority of Infigen assets; modest third party business growth
Cost of capital	Equity: c.10-12%; tax equity: c.7.0%; debt: c.6.5%
Capital structure	Existing corporate level debt and project tax equity

1. Includes PTCs and tax depreciation benefits which offsets tax paid by owners

Inherent Value: Significant Upside

Even under highly conservative assumptions, the market is currently attributing no equity value to Infigen's US business or its Australian growth prospects

Current market EV versus illustrative bottom-up valuation under highly conservative assumptions[1]



Assumptions

1 **Conservative illustrative bottom-up EV of existing assets**

Book value of Australian assets represents EV/MW multiple of $2.15m (most recent observed transaction multiple was c.$2.7m/MW[2])

Conservative bottom-up EV only reflects book value of Australian assets, Infigen corporate debt (ex Australia), US tax equity and cash

2 **Upside not reflected in bottom-up valuation**

Conservative illustrative bottom-up EV does not attribute any equity value to the 1,089MW US portfolio or the Bluarc asset management business, 129MW German portfolio or Infigen's Australian growth prospects. US book value US$1.23m per MW[5] as at 31 Dec 2009.

1. Amounts in AUD unless otherwise noted. Non AUD debt as disclosed on 31 Dec 2009 less repayment of French net debt (net of transaction costs) of A$107m based on 31 Dec 2009 FX: AUD:EUR 0.6235, AUD:USD 0.8943
2. EV / MW sale multiple associated with Transfield Services Infrastructure Fund's sale of its Mt Millar Wind Farm to Meridian Energy on 11 May 2010
3. Based on market capitalisation of $657m as at 11 June 2010, Net debt of $1,314m and tax equity of $771m as disclosed on 31 Dec 2009
4. As represented by cash balances of $214m as at 31 Dec 2009 less 2H10 CAPEX of $44m and purchases of securities under the current buyback program of $25m as at 15 June 2010
5. As at 31 Dec 2009: Total book value of $1495m (PPE $1723m plus goodwill & intangibles $195m less deferred revenue $423m). Using AUD:USD 0.8943, total book value equates to US$1336.9m. B Class Member interest 1089MW

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Business Performance Targets

Continue to optimise asset performance and deliver value enhancing growth

1 Australia – Generation	• Turbine availability target of greater than 95% for FY11 • Implement direct control: 1 wind farm in FY10; 1 wind farm in FY11 • Demonstrate value through meeting production guidance
2 Australia – Development	• Subject to economics commence construction of 160MW in FY11 • Complete development of 150-200MW for construction in FY12
3 Australia – Energy Markets	• Optimise $/MWh through combination of contracted and hedging • Secure new customers for development projects
4 US – Business	• Turbine availability target of greater than 95% for FY11 • Continue transition to direct control from 4 to 15 wind farms in FY11 • Support further growth of Bluarc third party asset management business
5 Investment	• Prioritise highest yielding opportunities • Pursue Australian developments which exceed target return thresholds • Further diversify sources of capital including project level funding
6 Corporate Costs	• Guidance for corporate costs reduced from $28m in FY09 to $24m in FY10 and $21m in FY11 • FY10 actual tracking over $1m below guidance

Business Performance Targets: Direct Operational Control

Transition to direct operational control improves asset performance and return

Traditional OEM[1] Arrangement

- **Misalignment of interests between owner and OEM service providers**
- Initial control locked in via warranty provision
- Asset performance driven and limited by contract provisions and targets
- Focussed on availability warranty payments
- Compensation rarely keeps an asset "whole"
- Time-based availability target drives suboptimal turbine performance
- Locked into expensive supply chain

1. Original Equipment Manufacturer of wind turbines

Managing to warranty requirements
Downside Protection

Direct Operational Control

- **Alignment of owner KPI's with service provider KPI's**
- **Addresses major causes of lost production including**
  - Response times to faults / turbine downtime
  - Fault diagnosis and trouble shooting
  - Supply chain delays
- **Wind resource based availability target maximises performance**
- **Effective supply chain management eliminates extra OEM margin on component parts**
- **Retains benefit of OEM's value contribution**
  - Leverage technical expertise
  - Resolution of repetitive failures over life of turbine
  - Collaboration on technical improvements

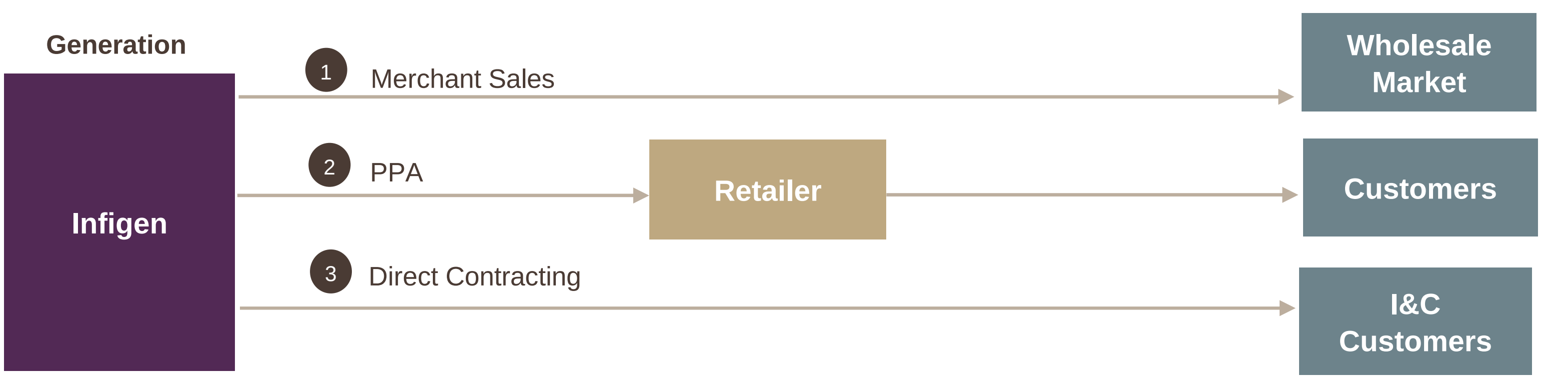
Managing to optimise performance
Upside Potential

Business Performance Targets: Energy Markets Strategy in Australia

Secure new customers and optimise $/MWh

- Dedicated Energy Markets team established
  - Led by Andrew George, with 12 years experience in the Australian energy sector across multiple markets
  - Current team consists of 4 energy market professionals
- Complements in-house development capabilities by expanding avenues to market
- Business focused on
  - Direct sale of electricity and renewable energy products to generators, retailers and end-use customers
  - Management of long term exposure to REC and electricity price risks
  - Managing variable output and associated commercial risks
- Longer term development of complementary generation sources for variable-output wind generation

Alternative pathways to end user customers, providing options to create value



Business Performance Targets: Medium Term Strategy for US Business

Demonstrate value and develop alternative pathways to independence

- Operational Performance
  - Maximise operational cash flow
  - Demonstrate strong asset and availability performance
  - Turbine availability target of greater than 95% for FY11
  - No planned major CAPEX or growth in assets
- Growth of Bluarc business
  - Complete the transition of 11 Infigen assets to direct control in FY11
  - Expand Bluarc business to additional third party assets
  - Continue to demonstrate performance enhancements
- Develop alternative pathways to independence
  - Review options to enhance future capital flexibility including refinancing, recapitalisation and project level funding options
  - Consider broader portfolio composition options to maximise the value of the US business
  - Develop alternative options for stand alone operation and independent financing of the US business in the medium term

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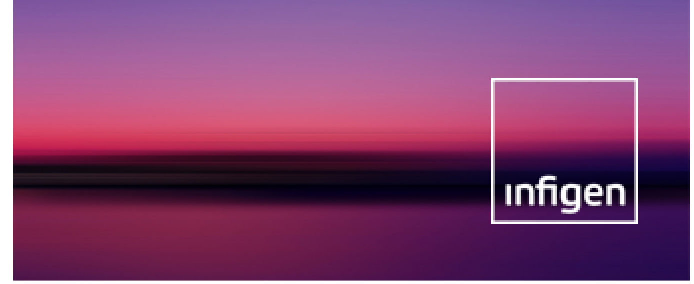

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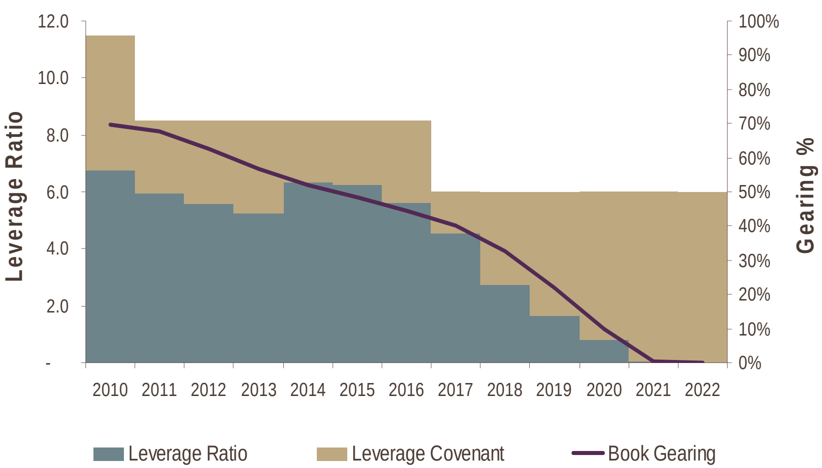
Capital Structure: Funding Growth in Australia

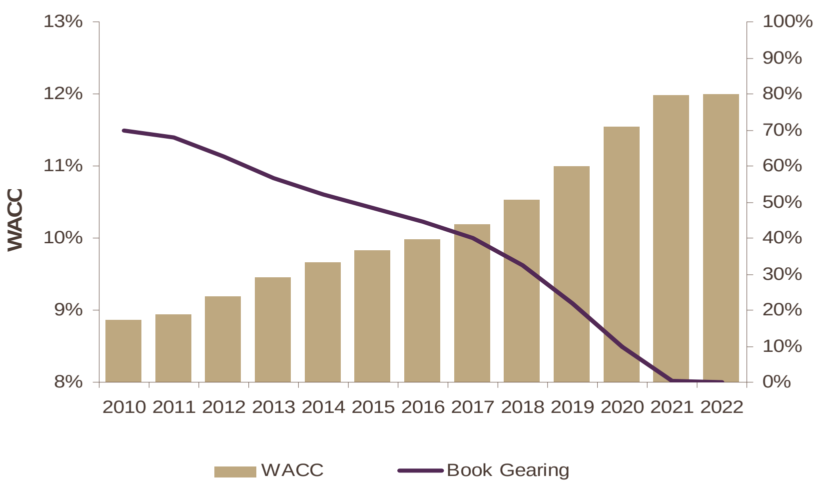
Achievable through a number of potential sources

- Current uncommitted cash expected to meet FY11 construction program of 160MW
- Project finance facilitated by legislation of LRET
- Minority stakes sought by long-term project level co-investors
- Vendor financing/equity from manufacturers
- Export credit agency facilities available in some cases
- Explore options to re-finance global facility in 2012/13

Global Facility Ratios (illustrative only)



WACC & Gearing (illustrative only)



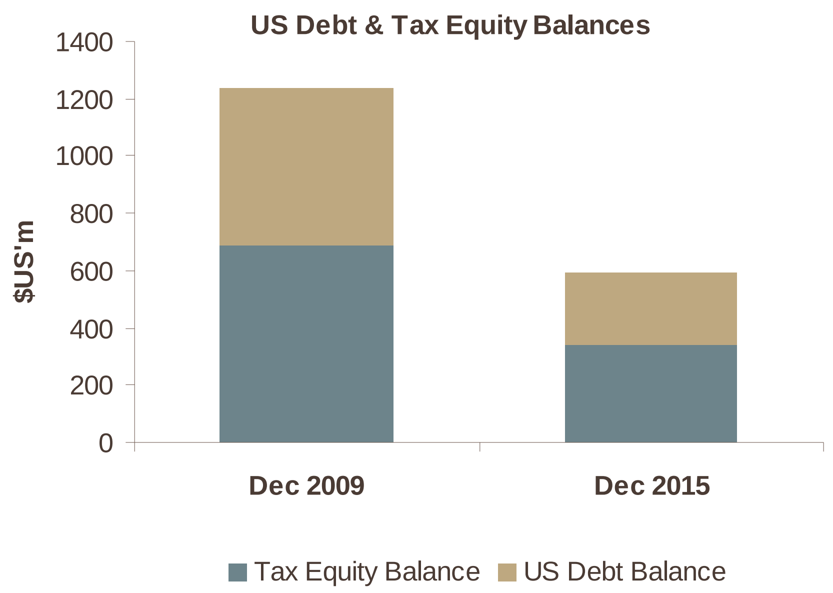
Note: Leverage ratio represents Net Debt/EBITDA where EBITDA includes US distributions
Note: Book gearing represents Net Debt/(Net Debt + Book Equity)

Capital Structure: Funding Independence in the US

US: Independence and flexibility

- Maximise cash flows to repay project tax equity and corporate debt funding
- Explore capital restructuring options to maximise future flexibility
- Develop alternative pathways to stand alone operation and independent financing of the US business

Capital Structure (illustrative only)



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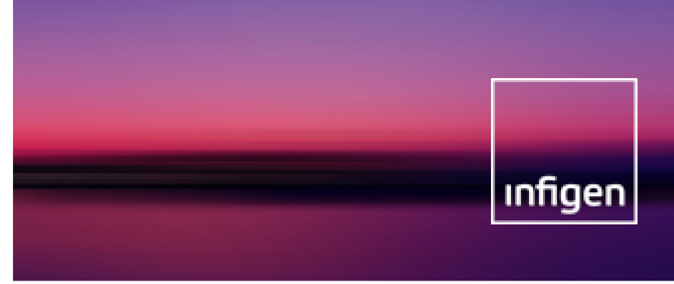

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Wrap Up

Leading position with strong potential to deliver profitable growth

Focus on operational performance	• Continue to implement direct operational control • Achieve turbine availability target of greater than 95% for FY11 • Achieve further reductions in corporate costs
Attractive Growth opportunities	• Strong development, construction, operation and energy markets capabilities • Australian developments expect to exceed target return thresholds • Funding capacity accessible for new project requirements in FY11 • Developing alternative sources of capital to maximise returns
Inherent Value	• Market leading position with attractive development prospects in Australia • Retention of US business preserves securityholder value • Low cost, long term funding maximises returns to equity • Developing alternative options for independent operation and financing of the US business

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IFN Overview

- **Australia's leading specialist renewable energy business**
  - Leading operational wind energy business (508MW)
  - Development, asset management and energy markets capabilities
  - Diversified, high quality wind energy development pipeline
- **High quality US wind energy business**
  - Top 8 operational wind energy business (1089MW)
  - Diversified; > 85% contracted off-take
  - Well regarded in-house Bluarc asset management business
  - Low capital requirements
- **Diversified German wind energy business**
  - Operating assets (128MW)
  - Young fleet with long-term O&M arrangements in place
  - 20-year fixed feed-in tariff; monthly price upside
- **Strong cash flow to continue de-leveraging**
- **Significant gap between security price and value**
  - Strong, stable operational cash flows
  - Buy-back opportunity enhances value

AUSTRALIA

Total Capacity: 508.3MW
Capacity Factor: 36%

Alinta
Capital
Lake Bonney 1
Lake Bonney 2
Lake Bonney 3

US

Total Capacity*: 1,089.4MW
Capacity Factor: 37%

Allegheny Ridge 1	GSG
Aragonne	Jersey Atlantic
Bear Creek	Kumeyaay
Blue Canyon	Mendota
Buena Vista	Sweetwater 1
Caprock	Sweetwater 2
Cedar Creek	Sweetwater 3
Combine Hills	Sweetwater 4
Crescent Ridge	Sweetwater 5

* Represents Infigen's % ownership of Class B Member Units.

GERMANY

Total Capacity: 128.7MW
Capacity Factor: 24%

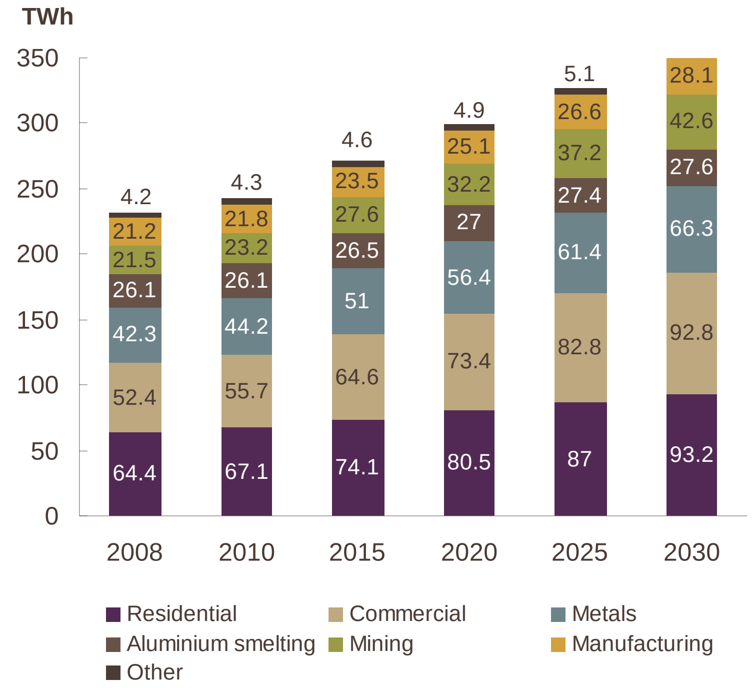
Bocholt-Liedern	Kaarst
Calau	Langwedel
Coswig	Leddin
Eifel	Seehausen
Eschweiler	Sonnenberg
Hiddestorf	Wachtendonk

Growth in Electricity Demand in Australia

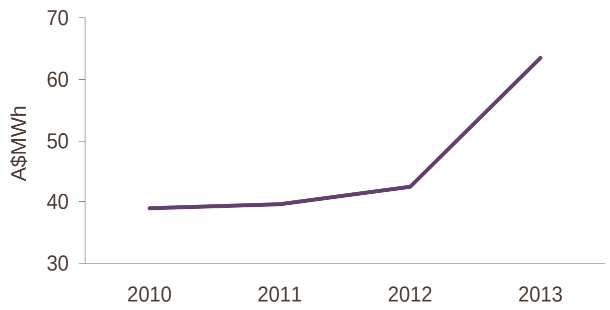
Enhances project economics and contracting prospects

- Demand driven by robust outlook for economy
  - Average electricity demand in the NEM is forecast to grow by c.19% over the next decade[1]
- Significant demand for carbon free electricity supply contracts to industrial, commercial and government customers, driven by anticipation of a price on carbon and increase in voluntary green energy uptake
- Expected growth in wholesale electricity prices driven by overall demand, rising fuel input costs for coal and gas fired electricity generation and imputed carbon price
- Enhances contracting prospects and economics of new renewable energy developments

Commercial & Industrial Electricity Customers (TWh) [2]



National Power Price Index[3]

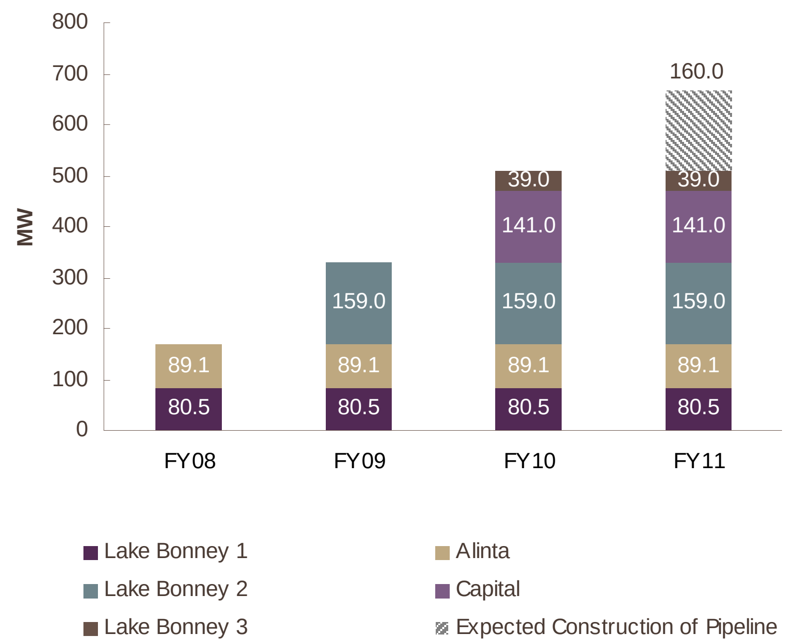


1. AEMO Statement of Opportunities 2009 Medium Case Annual NEM-wide Energy Projections
2. ESAA Fact Sheet and ABARE Australian Energy National and State Projections to 2029-30
3. The National Power Index (NPI) is published by d-cyphaTrade for each calendar year and represents a basket of the electricity base futures listed on the Sydney Futures Exchange for New South Wales, Victoria, Queensland and South Australia. It is calculated as the average daily settlement price of base futures contracts across the four regions for the four quarters of the relevant calendar year

Pipeline to Capitalise on Market Opportunities

Deliverable Australian pipeline enhances IFN value

Australian Installed Capacity + near term pipeline



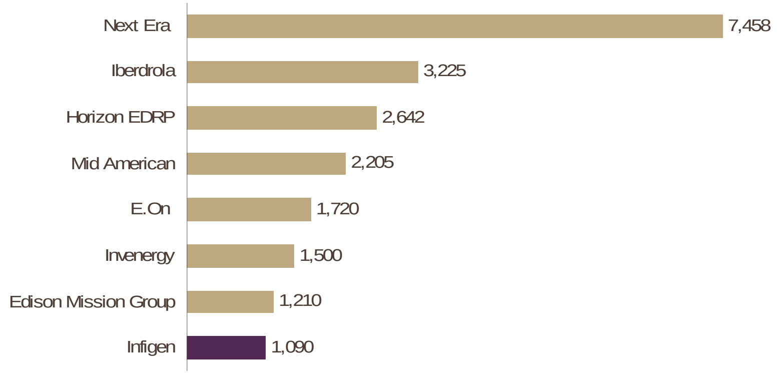
Key Projects June 2010	Capacity (MW)	Location	Status		
			Land	Planning Approval	Connection
Woodlawn	42	NSW			
Flyers Creek	120	NSW			
Glen Innes	54	NSW			
Bodangora	45	NSW			
Walkaway 2	94	WA			
Walkaway 3	300	WA			
Woakwine	450	SA			
Cherry Tree	35	VIC			
Other	c.400	Various			
Total Wind	**1,540**				
Solar	**195**	Solar Flagships			
Total	**1,735**				

US Business Overview

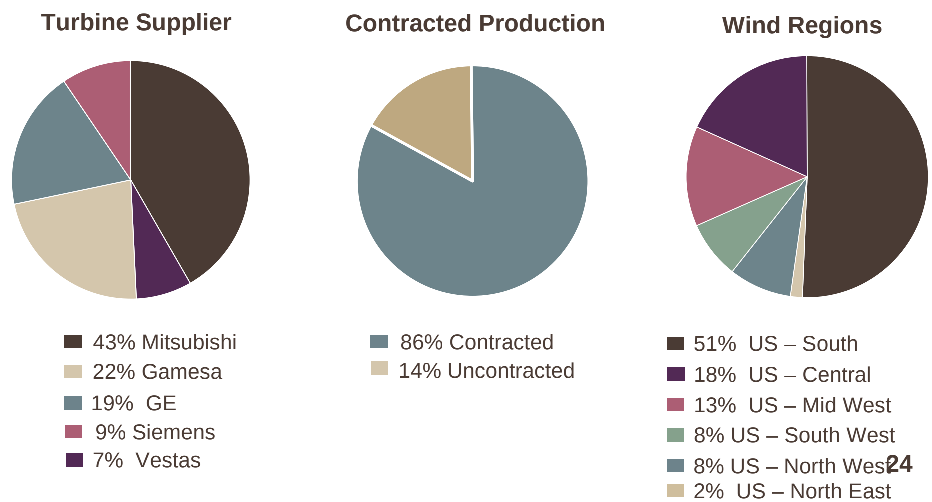
Largest independent portfolio of wind generation assets in the US

- Top 8 business in US wind energy industry
- 86% contracted with attractive off-take agreements of approximately 15 years average duration
- Diversified across energy markets, wind resource, off-takers and turbine suppliers
- High average capacity factor
- Highly experienced Bluarc asset management team
- Long term attractively priced tax equity funding in place
  - Project level funding amortised over 10 years
  - Monetises significant tax benefits of ownership
  - Provided by large financial institutions
  - Industry standard form of financing for US renewable projects

US – Top eight wind farm owners by installed capacity (MW)[1]



Infigen's US Portfolio – Well diversified[2], highly contracted cash flows

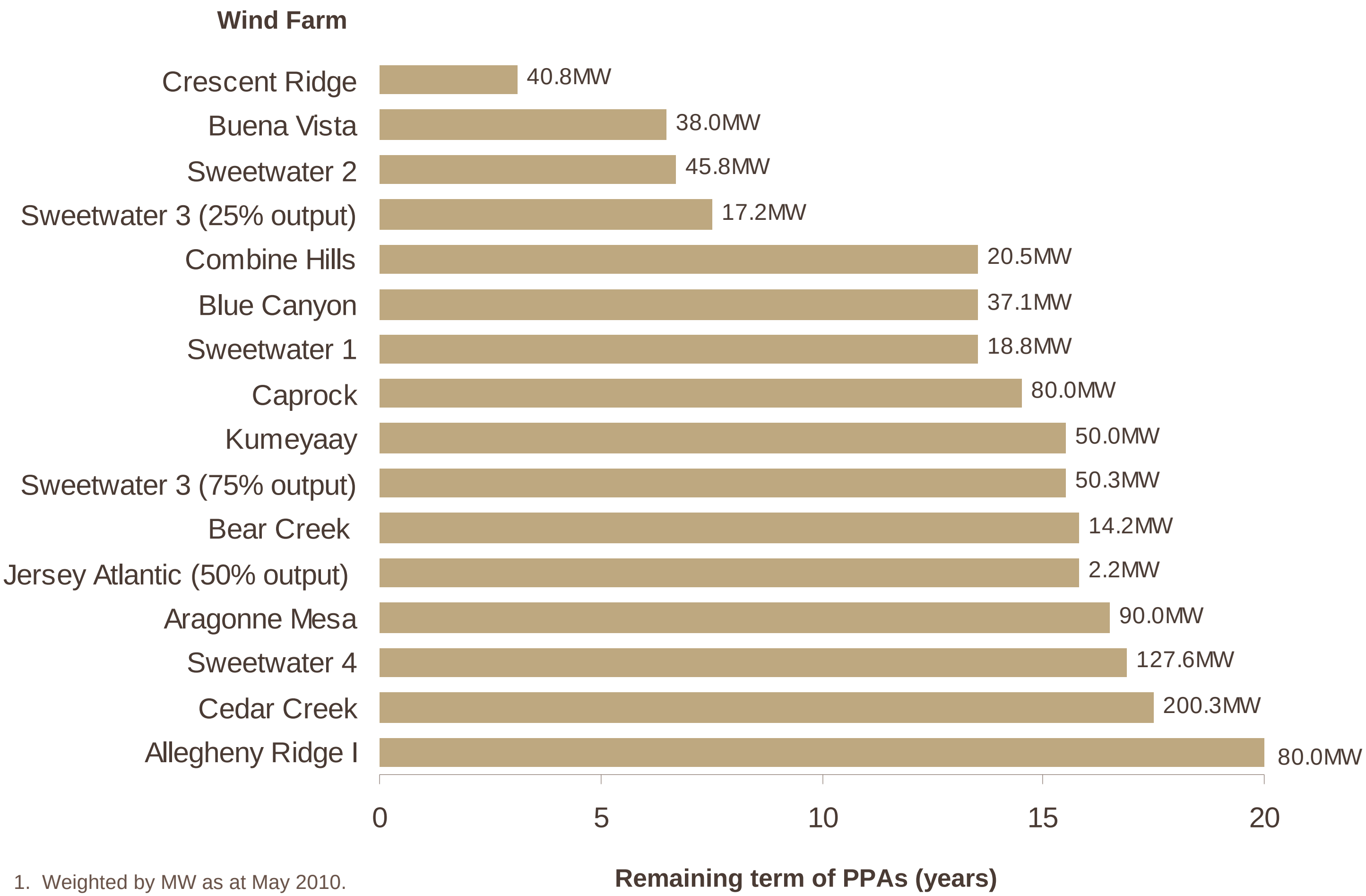


1. American Wind Energy Association: 2009 Annual Report
2. Diversification by GWh pa

US Power Purchase Agreements (PPAs)

Weighted average 15 years remaining on off-take agreements[1]

Remaining Term of PPAs



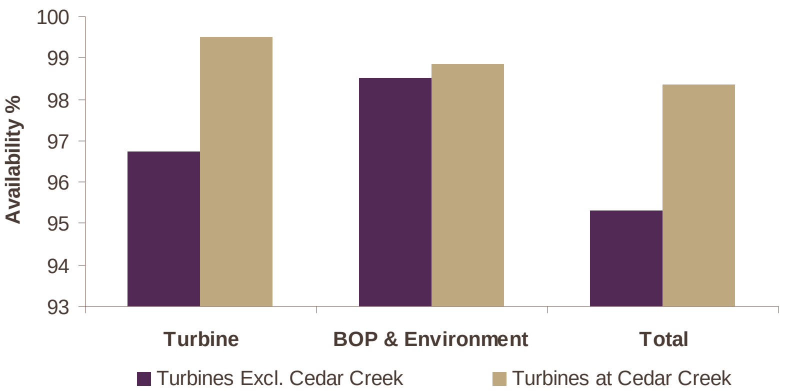
1. Weighted by MW as at May 2010.

Bluarc Asset Management

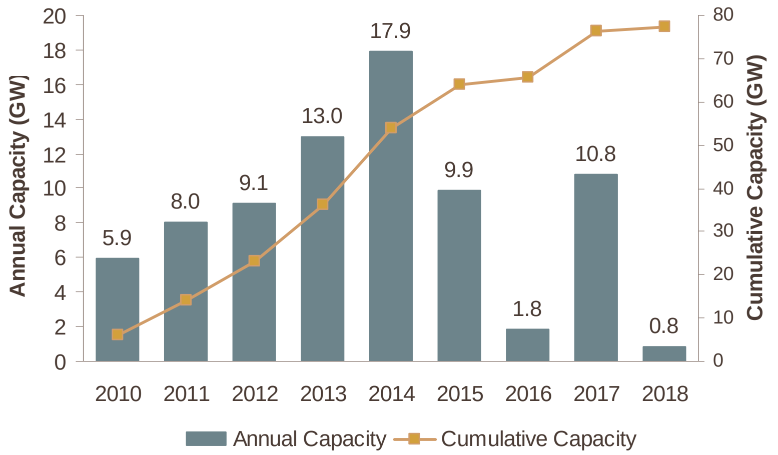
Direct operational control optimises asset performance

- Currently provides asset management services to all 18 Infigen assets and partners and third party assets
- Including third party assets, Bluarc is the fifth largest US wind asset manager of circa 2,000MW
- 110 permanent staff
- Senior executives have average of 20 years wind energy experience
- Full Management Operations, Maintenance & Administration services (MOMA)
  - Sweetwater 1, 2 & 3 and Cedar Creek[1]
  - Expect 11 more Infigen wind farms under full MOMA in FY11
- Availability for SW 1, 2 & 3 expected to improve by > 2% compared to OEM management
- Strong growth forecast in outsourced asset management market
  - Based on historical and projected wind capacity installation data, it is estimated that 77 GWs of O&M contracts will come up from renewal or replacement by 2018

Cedar Creek Availability: Bluarc direct operational control (May 07 – Dec 09)



US Wind Capacity Coming Off OEM[2]



1. GE turbines
2. Source: SNL Energy Data and Infigen

German Business

High quality business supported by long term regulatory incentives

- 20-year fixed feed-in tariff
  - Weighted average remaining term of approximately 17.5 years
  - Upside exposure to higher wholesale electricity prices with ability to switch on monthly basis between fixed feed-in tariff and market prices
  - Option to secure higher tariffs by upgrading turbine operating technology and securing technology bonus:
    - Additional tariff of €7 per MWh for 5 years for 90.7MW
    - Additional tariff of €5 per MWh for remaining wind farm life for 38MW[1]

- German based Infigen presence overseeing all O&M activities
  - Warranty O&M provided by turbine manufacturers and independent specialists
  - Average remaining warranty term approximately 5 years
  - Long term agreements with Renerco and Plambeck for technical and commercial management services

1. Relates to wind farms which commenced operations in 2009: Calau, Leddin, & Langwedel

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