

Incitec Pivot Limited

Office of the Company Secretary

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The Manager
Company Announcements Office
Australian Securities Exchange
Level 45, South Tower
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525 Collins Street
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Dear Sir or Madam

Electronic Lodgement

Chairman's Address to Shareholders at 2010 AGM

In accordance with the listing rules, I attach a copy of the Chairman's Address to Shareholders for release to the market.

Yours faithfully



Kerry Gleeson
Company Secretary

Attach.

Incitec Pivot Limited

INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING **21 DECEMBER 2010**

SPEECH BY THE CHAIRMAN, JOHN WATSON, AM

Ladies and Gentlemen.

The splendid performance of Incitec Pivot Limited this year has further reinforced the value brought to shareholders through the successful business strategy. Over the past decade the business strategy has evolved and developed, delivering consistent shareholder value, despite the extremes of the global and national economies.

Before I outline the shareholder returns delivered this year, I would like to briefly take you back through the development of the IPL business strategy to our current strategic position which, I believe, is becoming a global business paradigm.

We began with the decision to merge with Incitec Fertilizers to gain geographic spread and economies of scale. The objective of this was to level the perpetual peaks and troughs which have beset Australia's agricultural industry for two centuries. The next major strategic direction followed the recognition that value in the fertiliser industry was upstream, in manufacturing. We supported that strategy with the decision to acquire Southern Cross Fertilisers from subsidiaries of BHP Billiton Limited. This acquisition paid for itself in the first year.

Notwithstanding our success within Australia, we recognised that the next decision needed to be a transformational step, expanding our exposure to the burgeoning Asian economies while remaining aligned to our core competency of nitrogen manufacturing. This led to the acquisition of Dyno Nobel in 2008. Today our revenue is split about half and half between explosives and fertilisers, demonstrating the success of that acquisition.

The IPL Group today is leveraged to the industrialisation cycle being driven by China and India. We are positioned on the input side of the value chain for both hard and soft commodities. We went down this path because history demonstrates that - as an economy develops - there is increased demand for hard commodities, such as copper. This, in turn, drives growth in real income, which results in increased demand for food.

In both agriculture and mining industries, input side returns are typically higher and less volatile. Fertiliser and explosives are both key inputs to the production of soft and hard commodities. An essential part of our strategy is for our manufacturing to be at the bottom of the cost curve. Data shows that, in both explosives and fertilisers, vertically integrated manufacturing assets drive earnings. It is indeed gratifying that this strategy of alignment to growth of the Asian economies has now become recognised by many of our global and national peers as a positioning they want to attain because it does drive shareholder value.

I will briefly outline the shareholder metrics from the 2010 Result. Total shareholder return for the twelve-month period was 30%. As you know, the Board's objective is for 20% total shareholder returns year-on-year. Earnings per share, excluding individually material items, increased by 21% to 27.3 cents. We declared a fully unfranked final dividend of 6 cents per share, bringing the total dividend in 2010 to 7.8 cents per share. This was a 77% increase on the dividend for 2009. The payout ratio has moved to 29% of Net Profit After Tax, excluding Individually Material Items, up from 20% last year, and now sits in the middle of the previously announced target range of 20-40%. The 2010 final dividend is unfranked due to the lack of available franking credits at this time. The Company's dividend reinvestment plan has been suspended as a result of strong cash flows.

The creation of shareholder value, such as this, comes from the right strategy and just as important, from the people to deliver on the strategy. Again, this year, the IPL team has demonstrated strong performance with continued focus on financial discipline, the manufacture of quality products and building positive relationships with our customers.

In relation to financial management, it was pleasing to see the support of the financial markets to our US\$500 million debt issue earlier this month. This demonstrates our commitment to maintaining a strong balance sheet by further diversifying our sources of funds and lengthening our debt maturity profile. The proceeds of the issue have been used to replace shorter dated debt facilities. We choose to fund in US dollars as it provides an effective hedge of our US dollar revenue streams and our large US dollar asset base in our North American Explosives business. Furthermore, the US dollar debt strategy allows us to take advantage of historically low US dollar interest rates compared with interest rates in Australia. As a result, we have delivered an average interest rate on our debt of well under 5%, which is about half of that of some of our Australian peers. During the 2010 year, the Group delivered exceptional financial results, such as a reduction in our net debt, an improved gearing ratio and a prudent hedging policy to manage our exposure to the US dollar.

The directors were able to witness first hand the delivery on the strategy by contact with employees during the year and particularly, on visits to three sites in North America and also, to Moranbah. We have been impressed with the high level of employee commitment to the Group's Values, which are essential to our high performance culture. Worthy of note was the visit to our plant at Graham, Kentucky, which has gone for more than three and a half years without a recordable injury. This shows that our vision of Zero Harm is achievable. As a Board, together with our Health, Safety, Environment and Community committee, we have particular focus on Zero Harm and we are fully supportive of James and his Executive Team to make Zero Harm a reality across all of our operations. The tragic loss of an employee in a workplace incident earlier this year in Canada serves as a reminder of the need for constant vigilance regarding safety matters.

Also, when we were in the US, we were able to visit a customer's gold mine and learn first hand about the quality customer experience provided by Dyno Nobel. The quality of our customer relationships was further exemplified by the achievement of the Dyno Nobel Americas team in the re-signing of our single biggest customer, Peabody Coal, and by the Dyno Nobel Asia Pacific team in pre-selling virtually all of the off-take from the Moranbah ammonium nitrate plant, due to start production in 2012. The Incitec Pivot Fertilisers team also demonstrated the value of customer relationships by increasing volumes by 21% in a year of mixed market conditions.

Directors visited the construction site of the ammonium nitrate plant at Moranbah in central Queensland. We were pleased to see the progress and also to meet informally with senior representatives of Local Government. Moranbah will contribute a step change in earnings to Incitec Pivot. The plant is based in the heart of Australia's largest metallurgical coal region in the Bowen Basin in Queensland.

The decision to re-commence construction on the Moranbah project was one of a number of growth opportunities during the year. None of the others are on the scale of the A\$935 million commitment of Moranbah but all are significant. They include the decision to commence the joint venture trading business, Quantum; the opening of an initiation systems plant in Chile; completion of the acquisition of the Nitromak business in Turkey; and the re-start of superphosphate manufacturing at Geelong.

Quantum has added value in two ways: first, by trading both our own fertiliser and fertiliser purchased from third parties; and second, through better sourcing of manufacturing inputs and finished product which is saving costs for both the Fertiliser and Explosives businesses. Additionally, Quantum has added strategic flexibility. This contributed to the decision to sign an off-take agreement for two million tonnes a year of granular urea fertiliser from the proposed Perdaman project in Western Australia.

In Chile, we commenced production at an initiation systems plant which signalled our first manufacturing venture into Latin America under the IPL Group's ownership of Dyno Nobel. Latin America offers substantial growth potential because the region, in general, and Chile, in particular, have vibrant and growing mining and construction industries. It was particularly pleasing that the decision to construct and operate this plant was driven by our customers in the region. In Turkey, Nitromak manufactures bulk and packaged explosives and initiation systems. Nitromak operates from eight locations in Turkey and also in Romania and Albania, and has a leading market position in Turkey.

During the year, we took the decision to re-start the manufacture of Single Superphosphate at our Geelong plant following a return of customer demand. As well as a benefit to IPL and our shareholders, this initiative will be a boost to Australian farmers via supply of quality product and to the Geelong community through employment and business activity.

Considering these strategic growth opportunities is a key role of the IPL Board and we are fortunate to have erudite and well-informed discussions around the Board table. It is our duty to ensure that the Board comprises appropriate skills, experience and expertise relative to the Group's strategy and with this goal, each year, we undertake a review of the Board's performance against its Charter. Our 2009 review identified that the Board required additional strong financial skills and international experience. We initiated an extensive process assisted by an international executive search firm. The Board appointed Paul Brasher as a non-executive director. Paul is already making a valuable contribution to the Board and is dedicating his time to participate in a comprehensive induction program on our businesses, strategies and operations. It is with pleasure that I formally welcome him to the Board. Paul is standing for re-election today and I commend him to shareholders.

Throughout the year, as part of our responsibility to shareholders to achieve a strong and effective Board, we have canvassed views of our shareholders. More recently, the Board's agenda has included discussions on cultural and gender diversity at both the Board and organisational level. To this end, the Remuneration and Appointments Committee is charged with assisting the Board in developing a diversity policy and we will report on this in 2011.

Gender diversity is an issue which is being addressed by the business community in Australia as a whole as well as by individual companies, such as IPL. I am aware, through my membership of the Australian Institute of Company Directors, that my peers are seized of the need to encourage women onto company boards and into senior roles in business. To this end, both the Institute and the Business Council of Australia have mentoring programs. I have a direct involvement as a mentor under the Institute's program and am confident that these programs will be successful in increasing female representation to the benefit of Corporate Australia.

In closing, I want to thank my fellow Board members for their support and commitment during the year. Incitec Pivot places a demanding work load on its directors and I want to express my gratitude for their continuing dedication.

I also want to pass on the appreciation of the Board to all employees and contractors in the Incitec Pivot Group, from James and his Executive Team colleagues, to our people in offices, on sites and in the field throughout the world. When the strategy is right and the people are skilled and committed, the future is assured.

Thank You.

John Watson, AM
Chairman