



Annual General Meeting Report to Shareholders

20 October 2005

 **origin**
energy



Kevin McCann
Chairman

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Annual General Meeting

Melbourne Exhibition Centre
2 Clarendon Street, Southbank
Melbourne, Victoria

10.30am, Thursday, 20 October 2005

Meeting Results

Dear Shareholder

The Annual General Meeting (AGM) of Origin Energy was held in Melbourne on Thursday 20 October 2005. Some 240 shareholders and visitors attended the meeting.

For those of you that were unable to attend the meeting, my address and the address of the Managing Director, Grant King have been set out in this report.

The results of the business conducted at the meeting are set out on the following pages. All resolutions were approved on a show of hands.

Item 1 – Financial statements and reports

The Financial Statements, Directors' Report and Auditor's Report for the year ended 30 June 2005 were laid before the meeting and were received and considered.

Shareholders were given the opportunity to ask questions and make comments on the management of the company. Shareholders congratulated the Board and management on the company's strong performance in the 2004/05 year. Questions were answered on matters including the effect of the recently announced decrease in wholesale electricity tariffs, the level and impact of customer churn and Origin's GreenEarth initiative.

Items 2 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001, the Remuneration Report was put to shareholders for adoption.

Shareholders were given the opportunity to ask questions and make comments on the Remuneration Report. The company was commended on its well structured report. Questions were answered on the benefits accruing under the Non-Executive Directors' Retirement Benefit Scheme which was terminated in 2002. While it was acknowledged that the company had followed best practice by terminating the scheme, it was felt that consideration should be given to terminating any future benefits accruing under the scheme and paying out the benefits to Directors. I have undertaken to ensure that this will be reviewed and the Remuneration Committee will consider the available options.

The resolution was passed by shareholders on a show of hands. For the record the following proxy votes were received in relation to the resolution:

For:	<u>375,004,433</u>
Against:	<u>6,984,715</u>
Open:	<u>14,165,727</u>

Item 3(a) – 3(b) – Election of Directors

Directors, Mr Bruce Beeren and Mr Colin Carter were retiring and sought re-election by shareholders. Each Director seeking re-election addressed the meeting outlining the qualities they brought to the Origin Board and their contribution as a Director.

Both Bruce Beeren and Colin Carter were re-elected on a show of hands. For the record the following proxy votes were received in relation to the resolutions:

Re-election of Bruce Beeren:

For:	<u>374,080,577</u>
Against:	<u>8,876,790</u>
Open:	<u>14,401,740</u>

Re-election of Colin Carter:

For:	<u>381,704,176</u>
Against:	<u>974,237</u>
Open:	<u>14,703,046</u>

Item 4 – Amendments to Company Constitution

This resolution sought the approval of shareholders to amend the Constitution of the company to bring it up to date with the current provisions of the Corporations Act and the Listing Rules of the Australian Stock Exchange.

The resolution was passed as a special resolution by shareholders on a show of hands. For the record the following proxy votes were received in relation to the resolution:

For:	<u>381,156,738</u>
Against:	<u>539,103</u>
Open:	<u>14,804,010</u>

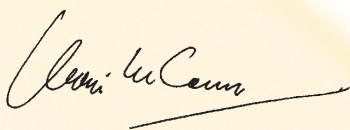
Item 5 – Renewal of proportional takeover provisions in the Constitution

This resolution was that the takeover approval provisions in Article 64 of the Constitution be renewed for a further three years. The effect of the article is that any partial takeover may only proceed with the approval of a shareholders' meeting.

The resolution was passed as a special resolution by shareholders on a show of hands. For the record the following proxy votes were received in relation to the resolution:

For:	378,686,329
Against:	2,343,845
Open:	14,875,813

I trust that this report is of interest to shareholders who were unable to attend the meeting. A full audio webcast of the proceedings is available on the company's website www.originenergy.com.au.



Kevin McCann
Chairman

Chairman's Address

Annual General Meeting

20 October 2005

Ladies and Gentlemen,

It has been an eventful year for Origin Energy.

Our net profit after tax increased by 30% to \$266 million and earnings per share increased 24% to 37.2 cents per share. Free cash flow was up 28% to \$447 million.

A final fully franked dividend of eight cents per share was paid on 26 September 2005, increasing the total dividend to 15 cents per share. Total dividend payments have increased 27% on an expanded capital base reflecting our growth in earnings over the year.

Since the beginning of the last financial year our share price has risen 18% despite recent volatility in the market. This growth has been accompanied by total capital expenditure of \$1,474 million which was substantially increased over \$509 million in the prior year.

Of this, \$943 million was spent on the acquisition of a 51.4% controlling interest in Contact Energy in New Zealand in October 2004. Contact is an integrated energy supplier with interests in more than 2,700 MW of hydro, geothermal, combined and open cycle gas generation with around 600,000 gas and electricity customers. Contact has made an initial contribution of \$22.3 million in net profit in the nine months following our acquisition. Contact's profit for that period was up 37% from its performance in the previous year, benefiting from increased electricity prices and increased contributions from its gas business. The Contact acquisition brings geographical diversity to our integrated energy business model and greatly increases the generating assets under our ownership. We have been very pleased with the results of Contact over the first year and its expected results going forward continue to be in line with our expectations.

Capital expenditure on growth and stay-in-business projects was \$507 million up from \$323 million in the previous year. The majority of the growth capital has been spent on the continued development of our coal seam gas, BassGas and Otway projects over the year. The Spring Gully Coal Seam Gas Project was completed in June 2005 on schedule and on budget and is now delivering gas into our long term supply contracts. Oil production in the Perth Basin has continued to grow following a successful development program. The construction of the BassGas Project has been disappointing with significant construction delays and cost overruns. Remediation work to complete construction is now near to completion and the project will commence commissioning in late December this year.

The BassGas Project economics remain robust due to the significant increase in gas reserves, an increase in the price of condensate and the appreciation of the Australian dollar against the US dollar, as a significant element of the project expenditure was incurred in US dollars. The Thylacine and Geographe development in the offshore Otway Basin will be completed and deliver first gas in mid 2006. Development of our retail capabilities and marketing channels has seen further improvement in the Retail results in an environment of increasing competition and customer churn. We have funded this growth with a mixture of equity and debt.

Shareholders strongly supported a pro-rata one-for-six Renounceable Rights Issue in April this year which raised \$633 million. This capital enabled the redemption of the redeemable preference shares and repayment of debt that were issued to fund the Contact acquisition. In June we completed the placement of \$NZ422 million and US\$50 million of senior unsecured notes into the US private placement debt market, which lengthened our debt maturity profile.

Our net debt-to-capitalisation ratio has increased to 41% at 30 June 2005 from 31% in the previous year, which is in line with our target gearing ratio. Our interest cover remains strong at four times EBIT.

At the time of our acquisition of Contact, Origin was rated A-/negative watch by Standard and Poor's. Following the equity raising in April we were re-rated but have maintained an investment grade rating of BBB+/stable. Our balance sheet capacity remains strong and gives us funding capacity to take advantage of future growth opportunities as they arise.

During a year of significant achievement and intense activity, we have been able to continue to improve our safety performance. The Lost Time Injury Frequency Rate

has improved from 2.6 to 2.36 injuries per million hours worked with reduction also achieved in the severity of injuries. The Total Reportable Case Frequency Rate fell from 20.7 to 17.1 per million hours worked. Safety remains a key focus of the Board and for employees and we will continue our efforts to further improve safety over the coming year.

It has been a particularly active year for the Board. Directors have contributed a significant amount of additional time in unscheduled meetings in the consideration of the acquisition of Contact and development of major projects. They have visited operations in Australia and New Zealand, met with management on site and major customers, suppliers, regulators and government. The Board has also overseen Origin's response to a number of new reporting requirements for this year, notably the adoption of the Australian equivalents to International Financial Reporting Standards (A-IFRS) and the enhanced remuneration disclosures.

I would now like to make some remarks about the outlook for the coming year. Our operational focus will be to bring a number of projects to fruition. This will include the commencement of commercial operation of the BassGas Project, completion of the Otway Gas Project, ongoing engineering and planning work on the Kupe Gas Project in New Zealand, the planning and approval of major power generation projects in Queensland and Victoria, and the ongoing development of Origin's solar business.

The financial year ending 30 June 2006 will be the first year to be reported under the new A-IFRS. These new standards may introduce a higher degree of volatility into the financial results reported by Origin, particularly in relation to the treatment of financial instruments used to hedge the company's exposure to the purchase price of electricity and in the case of Contact debt, movements in foreign exchange rates and interest rates.

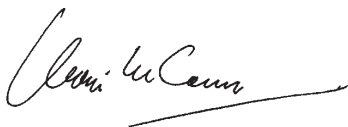
The first quarter results for each year, being the winter quarter, are important in determining our overall performance for the full year. Despite a reasonably mild winter our first quarter results have been quite strong and have set us up well for the balance of the year.

At the full year we re-stated our earnings for the year at \$299 million on a recurring A-IFRS basis and projected that they will increase by approximately 10% in 2006.

Based on first quarter results and despite further delays in BassGas and an easing in oil prices, our current expectations are that recurrent earnings for the full year will be 10 to 15% higher than our re-stated earnings last year.

I would like to thank my fellow Directors for their contribution and support throughout the year and our Managing Director, Grant King, his executive management team and all our employees for their contribution to another successful year.

I will now introduce Grant King to speak further to you about the challenges and opportunities that have arisen this year and will shape our outlook in the years ahead.

A handwritten signature in black ink, reading "Kevin McCann". The signature is written in a cursive style with a long horizontal line extending to the right.

Kevin McCann
Chairman



Grant King
Managing Director



Managing Director's Address

Annual General Meeting

20 October 2005

Ladies and Gentlemen,

The release of our full year results, the Annual Report, Sustainability Report and our Chairman's Address today all make available a significant amount of information on the company's performance. You will know from this information that your company has continued to grow, and in so doing, produced good returns for shareholders.

I would like to focus this brief presentation today on some of the challenges and opportunities we see in continuing to grow the company. Arguably the most important of these is to ensure that we have available to us the people, skills and resources necessary to run the existing business well and deliver on the major development projects that are a key driver of the company's growth.

In this regard we have implemented a major internal re-organisation of the company earlier this year designed to focus on running the existing businesses well in both Australia and through Contact Energy in New Zealand. We have also focussed our Exploration and Corporate Development teams on continuing to deliver opportunities for continued growth and the Major Development Projects team is focussed on delivering the major capital projects. We have also made a number of key new appointments to add capability and strength to our senior management team. This has happened in a year in which the resources boom in Australia and overseas has seen a very significant tightening in availability of skilled resources.

A real example of the challenges we face has been the difficulty in completing and commissioning the BassGas Project. These include disputes with the contractor over performance, the availability of skilled labour particularly in electrical and instrument trades, our own project management capacity when Origin as operator was required to take over the project and most recently damage to the support vessel, the Safe Concordia to name just a few. We now expect this project to commence commissioning in late December and become operational during the first quarter 2006.

In contrast to the difficulties faced on the BassGas Project, the Coal Seam Gas Project at Spring Gully in Queensland has gone very well. It was completed on schedule in June this year and under budget and is now performing well ahead of expectation.

The development of the Offshore Otway Project, operated by Woodside, is also tracking well. We are expecting commissioning of this project to commence in the middle of 2006 and begin making a major contribution early in the next financial year.

All of these previously mentioned projects were committed prior to the tightening in availability of material (such as steel) and resources that have now become so evident in the upstream petroleum industry. This has increased the cost and complexity of new projects and resulted in a delay in the Final Investment Decision on our Kupe Project in New Zealand to early 2006.

The past year has also seen the consolidation of Contact Energy into Origin Energy's results for the first time. Whilst the initial contribution from Contact is only for a nine month period, the performance of Contact's business has met our expectations. Contact recently reported its results for the nine months to June 2005 (as Contact has now adopted the same year end as Origin) and reported an increase in profits of 37% to NZ\$138.2 million compared to the previous corresponding period.

At Contact's AGM last week, shareholders were told of the challenge facing New Zealand in general, and Contact in particular, following the tightening of supply of natural gas and the need to identify the next major fuel source for New Zealand. The consequent increase in gas costs is causing a tightening of margins for Contact. This has apparently caused a more cautious outlook for earnings amongst some investors but is consistent with the view Origin formed at the time of acquisition. Therefore, this recent commentary on Contact's outlook does not impact on our outlook for Origin. From Origin's perspective we see the challenge of addressing this fuel constraint as an opportunity for our exploration and project development teams over the next five years.

It has also been a challenging year in our Retail business with higher levels of retail competition than we expected a few years ago. Encouragingly we have been able to maintain our retail margins despite higher levels of customer churn, establish a competitive position in the NSW retail market and note the move to open up competition in retail mass markets for electricity and gas in Queensland, which will create further opportunities for Origin.

Whilst people, skills and resources are a key driver of growth, these must be focused through a clear strategy for our business. We have been focused on the continued development of an integrated energy business in Australia and New Zealand and this strategy continues to be appropriate. By implementing this strategy we believe that the next phase of growth after successful completion of our upstream projects will be the acquisition or development of major generation opportunities in Australia and New Zealand.

We continue to progress development approvals for power projects in Victoria and Queensland and through Contact Energy we are examining ways to develop the already consented Otahuhu site near Auckland in New Zealand.

We are also mindful that in the energy industry carbon contribution to climate change is a critical long term issue that is yet to be effectively addressed. It is imperative that effective mechanisms are established for costing and reducing carbon emissions.

Origin continues to address this issue by seeking to develop a fuel portfolio of renewables and gas with lower carbon intensity than conventional fossil fuels. We are also making good progress in developing our SLIVER cell photovoltaic technology and supporting through Geodynamics, hot fractured rock technology.

In summary, this has been a year of significant challenge and a year of good progress. We have, through significant internal change, added new capability to our company and we can see many opportunities for us to continue to pursue in the years ahead.

The Board has given generously of their time and expertise to support the continued development of the company. Management and all employees have contributed greatly to our continued success. I thank them all for their efforts.

A handwritten signature in black ink, appearing to read 'Grant King', written in a cursive style.

Grant King
Managing Director

Abbreviations

ASX – Australian Stock Exchange

AGM – Annual General Meeting

CSG – Coal seam gas

A-IFRS – Australian equivalents to International Financial Reporting Standards

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