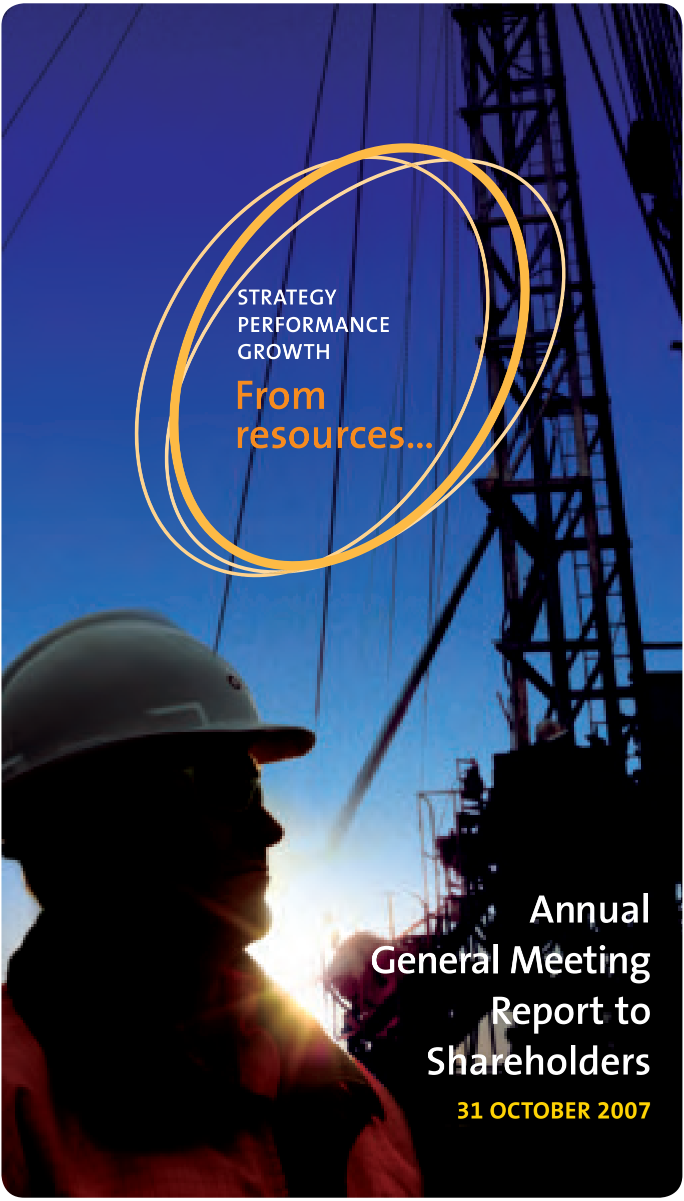

STRATEGY
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From resources...

Annual General Meeting Report to Shareholders

31 OCTOBER 2007

origin energy

Contents

Annual General Meeting

Wesley Conference Centre
220 Pitt Street, Sydney
New South Wales
10.30am, Wednesday 31 October 2007

Dear Shareholder

The Annual General Meeting of Origin Energy was held in Sydney on Wednesday 31 October 2007.

Over 330 shareholders and visitors attended the meeting.

Following in this report is my address and the address of the Managing Director, Grant King in which we reported on the past year's results, our future strategies and the outlook for the coming year.

All resolutions that were put to the meeting were approved, the details of which are set out on page 14.

You can listen to a full audio webcast of the proceedings and view the presentations that were made by visiting our website (www.originenergy.com.au/investor).

Shareholders were given the opportunity to ask questions and make comments on the management of the company. Questions were answered on various operational and strategic matters. An extract of these questions can be found on page 16 of this report.

I trust that this report is of interest to shareholders who were unable to attend the meeting.

Kevin McCann
Chairman

Chairman's Address

Annual General Meeting

31 October 2007

In a challenging year in the electricity and gas markets, we delivered a solid financial performance and consolidated a strong platform for the ongoing growth of the company.

Results

Our statutory profit for the year was $457 million, which was up 38% on the prior year.

The result was boosted by a number of significant items, which after tax added $86.7 million to the statutory result.

These items included gains on the sale of our Networks business of $76 million and the impact of fair value changes to financial instruments of $29.1 million, offset by a reduction in the fair value of our Cooper Basin assets of $51.7 million. After excluding these items, our underlying profit was $370 million, which is an increase of 10% on last year.

We have continued our progressive dividend policy – our final fully franked dividend of 11 cents per share paid on 3 October 2007, took total dividends to 21 cents per share which is a 17% increase over last year. Our payout ratio this year was 47% of our underlying profit. Our average annual increase in dividends has been around 25% since 2001.

Looking at our total shareholder returns, which incorporates share price and the value of re-invested dividends, you can see we have delivered excellent shareholder value over the past seven years and significantly out-performed the market.

During the year we invested over $2 billion on acquisitions and new capital projects, $1.2 billion was spent on acquiring the Sun Retail business in Queensland from the Queensland Government and a further $800 million on new projects to expand the gas production from our coal seam gas (CSG) properties in Queensland and the BassGas, Otway Gas and Kupe Gas projects. This investment was funded through the sale of our Networks business for $556 million, $470 million additional equity through an institutional placement and share purchase plan and cash generated from Origin Energy's existing business.

Despite the high level of capital investment in our business, our balance sheet remains strong. Our gearing at 42% (after excluding the favourable impact of mark-to-market movements on financial instruments) is within our targeted range of 40-45%.

I should explain that our reported results have been affected by changes to the accounting treatment of our commodity hedges arising from the adoption of the Australian equivalents to International Financial Reporting Standards (A-IFRS). As a prudent energy retailer we have adopted a conservative risk mitigation strategy in which we forward purchase electricity and enter into financial instruments to limit our exposure to extreme fluctuations in the spot price. This strategy has served us well in the fluctuations that occurred in the wholesale markets for gas and electricity during the year.

However, the adoption of the A-IFRS has required us to mark to market these instruments at year end and, where there has been a gain, reflect these as a change to equity or (if they are deemed 'ineffective' under the accounting standard) reflect them in the Profit and Loss Account. Consequently we have added $2.2 billion to equity and around $29.1 million to our profit after tax. We believe that the accounting standards do not reflect the true economic effect of these instruments and accordingly we have reported 'Underlying Profit' which shows the results before accounting for the change in the 'fair value' of these financial instruments. We believe that this is a more accurate representation of our after tax profit. We will continue to report on this basis in the coming year.

Platform for growth

The acquisition of the Sun Retail business and sale of our Networks business continue our focus on the competitive segments of the energy markets in Australia and New Zealand. This acquisition has substantially expanded the scale of our Retail business.

We have announced a significant increase in our gas reserves following an 80% increase in our CSG reserves in Queensland. We have also committed to almost double our electricity generation capacity through the development of the Darling Downs Power Station in Queensland and the expansion of the Quarantine Power Station in South Australia.

These and other projects have seen us commit an additional $1.4 billion to new projects which is in addition to around $600 million we have spent on projects in construction during the year.

These acquisitions and our new projects, continue to deepen the integration across Origin Energy's upstream, generation and retail segments and provide a platform for ongoing growth.

Safety

Safety remains a high priority for the Board. We are pleased that our safety performance in 2006/07 improved following a deterioration last year. Our lost time injury and moderate medical injury frequency rate fell from 5.5 to 4.9 per million hours worked, an 11% improvement over the past year. Despite this improvement we are continuing to seek further improvements to our safety record.

Climate change

An important issue for our shareholders, customers and the whole community is that of climate change.

In response to this challenge, we have continued to develop lower emission energy sources, particularly gas, which can generate power at around half the greenhouse gas emissions of coal-fired power plants. Origin Energy is well positioned with its vast gas reserves, as gas will play an important role in the supply chain for electricity generation as Australia and New Zealand move towards becoming carbon constrained economies. We are also investing in solar power through the development of the new photovoltaic SLIVER® technology. We have a pilot manufacturing plant in Adelaide which is seeking to commercialise this product to provide solar panels for electricity supply. We also have invested in geothermal power through an investment in Geodynamics, a company seeking to develop a geothermal project at Moomba in South Australia. This project is at a very early stage of development and is seeking to develop geothermal resources which have never before been exploited. We recently announced that we have entered into a joint venture to acquire a 30% direct interest in this project.

Origin Energy has taken a leading position in the climate change policy debate by actively proposing the introduction of proper carbon pricing into the energy market. The energy industry requires large investments over a long time-scale and so requires certainty with respect to carbon costs to support its investment decisions. It is important therefore that the Commonwealth Government acts decisively to provide the necessary framework for the introduction of a carbon trading scheme that will allow the market to reduce carbon at competitive costs.

Governance

I would like to thank my fellow directors for their contribution and commitment this year. The Board has had been extremely busy with seven non-scheduled meetings in which they reviewed and approved a number of significant investments and made a number of critical decisions.

Directors spent considerable time evaluating a proposal brought to us by AGL for a nil-premium merger. After careful consideration, your Board determined that the merger terms proposed would not have delivered value to our shareholders and it was rejected. This decision has since been roundly vindicated by the market.

In May this year we saw the retirement of Colin Carter from the Board who had been a director since listing in 2000. I would like to acknowledge the contribution that Colin made during a period in which Origin Energy has undergone significant growth and development.

In June we announced the appointment of Gordon Cairns to the Board. Gordon is the former CEO of Lion Nathan and currently a director of Westpac. Gordon will stand for election today together with Roland Williams and Trevor Bourne who are retiring by rotation and seeking re-election. I will outline the expertise and experience they each bring to the Board later in the meeting.

Concluding remarks

In the coming year the Board will be focussed on ensuring we deliver the growth in earnings from our significant acquisition and investment in major projects.

We hope that the New South Wales Government will proceed with the privatisation of the Retail industry in 2008 in line with the recommendations of the Owen Report. Origin Energy would expect to be a bidder for appropriate assets.

We expect that the consolidation of the energy industry will continue in the current year and we expect that this will give rise to additional opportunities for Origin Energy.

Based on our results for the first quarter and the expectation we now have that the Otway Gas Project will not commence full production until January 2008, we believe that the outcome for this year is for underlying profit to be between 10-15% higher than last year with most of this increase occurring in the second half of the year.

In concluding I would like to thank our Managing Director, Grant King, and all Origin Energy employees for their contribution to our strong performance during 2006/07. Finally I would like to thank you, our shareholders for your continuing support of Origin Energy.

Kevin McCann
Chairman

Managing Director's Address

31 October 2007

I trust you will agree that it has been a busy and challenging year. I hope that Origin Energy shareholders have been able to follow the progress of their company over the past year through the many ASX releases and media comments on Origin Energy.

Given the continued reporting on Origin Energy's progress, I would like to focus this brief presentation today on three areas that I think will be of interest to shareholders. They are:

- The key developments and issues that shaped a busy year;
- Some key changes that have occurred this year and that will impact the future development of our industry;
- Factors that will influence our outlook for the year ahead.

Key developments

In November we were the successful acquirer of Sun Retail for $1.2 billion.

The acquisition more than doubled the size of our electricity business, gave us a large exposure to the Queensland energy market, provided a material

Grant King Managing Director

addition to our LPG business and included a consented site for a gas-fired power station at Braemar in Queensland.

The integration of the electricity retail business and the LPG business has proceeded effectively and the power station site is now the location of our Darling Downs Power Station Project – which I will discuss shortly. We are comfortable that the assumptions that we made about the business at the time of acquisition remain appropriate.

This acquisition was funded by a net $473 million equity raising and immediately triggered the announcement of the sale of our Networks business, ultimately to APA for $556 million.

This business has been an important contributor to earnings and cash-flow. However, it is not central to Origin Energy's strategy of being a fuel-integrated generator/retailer and the continued development of that business is better undertaken by others.

The Chairman has already mentioned the approach by AGL in December to merge AGL and Origin Energy. This was an unexpected approach, but one that was seriously reviewed. It was ultimately rejected on the basis that the proposed terms did not appropriately reflect the relative value of the companies. This judgement by your Board and management has, by virtue of subsequent events, proven to be correct. Importantly however, the approach by AGL and the close scrutiny by analysts, investors and the media, did draw attention to the longer term value that resides in Origin Energy's business and strategy.

In the last quarter of the year, we announced we were proceeding with the development of the Darling Downs Power Station and associated coal seam gas (CSG) developments, as well as a large long-term contract for the sale of CSG to Rio Tinto. These projects will require approximately $1.5 billion of capital investment between now and 2010. On completion of these projects our CSG production will be around 100 PJ per annum.

In addition to these key developments our BassGas Project commenced commercial production in September 2006 and will produce over 20 PJ of gas per year with approximately 1.4 million barrels of condensate and LPG. Origin Energy is purchasing all of the sales-gas from this project for its Retail business.

Commissioning has commenced on the Otway Gas Project with stable production forecast by the operator, Woodside, by January next year. The delay in the project is regrettable and we are looking forward to the contribution to earnings that the project will make in the new year. Gross production from the project will be 60 PJ of gas per annum plus around 1.8 million barrels of condensate and LPG. Origin Energy has a 31% share of the project, and will purchase almost half of the gas from the project.

We have also made significant progress on our Kupe Gas Project in New Zealand. Fabrication of the platform jacket and topsides is now complete. The jacket has already been transported to New Zealand and the jack-up rig to be used to install the platform and drill the Kupe wells is also now on location in New Zealand.

As with many major projects in the upstream petroleum industry, we are under schedule and cost pressures on the project but are still targeting a mid-2009 completion. It will produce over 20 PJ of gas per annum and around 2 million barrels of liquids per annum.

Our share of capital expenditure on all these projects is over $2.5 billion, illustrating that we have been and will continue to be involved in a period of significant capital expenditure which will drive Origin Energy's growth.

All these opportunities are reflective of the consistent implementation of our integrated strategy.

We consistently contend that one of the key virtues of this strategy is to help us better manage financial risks that arise in our industry.

This contention was tested in the last quarter of the financial year when we saw very volatile wholesale prices in electricity and gas markets in eastern Australia, largely due to effects of the prolonged drought. Our integrated strategy and risk management processes helped to manage this volatility effectively.

In short, it has been both a challenging and exciting year, but ultimately one of great progress for your company.

Key changes in our industry

During the year, there have been a number of changes that will have long term impacts on the development of the energy industry.

In the second half of 2006, when Santos and AGL bid for Queensland Gas Company, the potential of CSG became evident to the market.

We began investing in CSG about 10 years ago with a belief in the potential of this resource.

At the end of the financial year we announced a major increase in our CSG reserves of over 1,000 PJ, bringing our proved and probable CSG reserves to 2,470 PJ. Our 3P reserves are now over 4,500 PJ and we believe that it is realistic to talk in the long term of CSG reserves for the industry as a whole of between 15,000 – 30,000 PJ.

This has dramatically and permanently changed the supply/demand balance for natural gas in eastern Australia causing projects like the proposed PNG pipeline to be abandoned; providing a fuel for gas-fired power generation which is significantly less carbon intensive than coal; and resulted in proposals for the development of an liquefied natural gas (LNG) industry in eastern Australia.

Origin Energy's leading position in CSG sees us well placed to benefit from this change.

The other major change of great importance to the energy industry in Australia is the now bipartisan political recognition of the need for an effective response to the challenge of climate change. It now seems certain that irrespective of the outcome of the coming election we will see the introduction of an emissions trading scheme.

The need to materially reduce greenhouse gas emissions between now and 2020 and achieve dramatic redirection by 2050 is the most important commercial and technological challenge for the energy industry globally.

It is important that Origin Energy is now properly positioned across both traditional and new thermal as well as renewable technologies to ensure we respond effectively to this long term challenge.

Our investment in new high efficiency gas-fired, combined cycle power generation, our increased investment in geothermal opportunities and solar R&D, our voluntary carbon reduction trading scheme and our market leading position in green power retail products for consumers are all evidence of commitment to effectively respond to this long-term challenge.

Outlook

I am aware that recent events may have caused increased investor interest in our outlook for the current year.

At our full-year results announcement we said that we expected underlying profit for the coming year to be approximately 15% higher than the prior year assuming that the then current market circumstances prevailed. Key issues that could impact on this outlook included the timing of reaching full production on the Otway Gas Project and material movements in exchange rates, particularly in US and NZ currencies.

Whilst there has been significant increases in the $US/$A exchange rate, oil price increases have largely offset this effect. The weakening of the $NZ is affecting, but not materially changing, the $A contribution from Contact Energy which, as we have previously indicated, is expected to be consistent with the prior year.

Churn in retail markets remained quite high, particularly but not surprisingly in the Queensland market where full retail contestability was recently introduced. Customer margins across our business are consistent with our expectations.

Following the volatility of wholesale electricity prices in the June quarter, the first quarter of this financial year has been characterised by relatively benign conditions resulting in flat but somewhat higher electricity prices. This lack of volatility affects returns from our wholesale electricity hedges. Some volatility has returned with the onset of hotter weather in October. In our experience, and when considering our commodity mix, we would expect this trend to even out across the year.

Summary

In summary, it has been an extraordinary year of development and change for your company. We have been strengthened by the challenges that the year has presented us with and we believe we are well placed to continue the development and growth of Origin Energy.

Your management and all employees have worked very hard this year. Importantly, as the Chairman has mentioned, we also improved our safety performance and we continue to strive for further improvement. I greatly appreciate the support of my colleagues in the management team and from all the employees at Origin Energy.

Meeting Results

Items of business		For
2	Remuneration Report	413,983,561
3(a)	Election – J R Williams	422,308,275
3(b)	Election – T Bourne	409,068,016
3(c)	Election – G M Cairns	421,410,132
4	Grant of options and offer of rights to shares to Mr Grant King	409,050,773

I can also assure you that your Board has yet again given generously of their time and experience to support and guide the company.

I trust that all our shareholders support our enthusiasm to respond to and benefit from the challenges and the opportunities that we see ahead of us.

Grant King
Managing Director

Against	Abstain	Open
9,365,692	2,249,632	18,250,161
2,118,439	967,316	18,455,016
14,418,477	1,530,042	18,832,511
1,949,065	1,621,121	18,868,728
13,074,483	3,252,874	9,282,016

Below is an extract of some questions that may be of general interest to shareholders. For full details of all questions answered, please listen to the webcast on our website (www.originenergy.com.au/investor).

Q: How is Origin Energy going to meet its capital expenditure obligations in the future and will there be a change in the gearing ratio?

A: Our current gearing ratio is 42% which is within our target range of 40-45%. As the balance sheet has grown and as we retain profits, we expect to be able to fund developments from cashflow and borrowings and keep our gearing within the target range over the medium term.

Q: What is the status of Origin Energy's SLIVER® photovoltaic development?

A: The next key step in this development is to move from the pilot plant, which we are operating now, to a production project. The Board would expect to consider that within the next six months. We believe that SLIVER® will provide a breakthrough in solar power generation, but it is a journey to prove the technology and commercialise it successfully.

Q: Do you think that the shareholders' purchase plan limit of $5,000 per annum should change?

A: The current limit has not been changed since 2002. It is time that a further increase in the limit is considered by government.

Q: You have changed the performance hurdles for your long-term incentives from continuous re-testing to two re-tests. Why have you not removed all re-testing?

A: We felt it was appropriate to retain limited re-testing to ensure that they operate to help retain key executives. The ability to retain an executive may be lost if the incentive lapses after a single test in a volatile market.

Q: What is Origin Energy's view about the relevance of AGMs, particularly for retail investors?

A: We believe that it is important to be able to communicate with shareholders about what the Board and management are doing on behalf of the company. AGMs play an important part of this communication and should be retained.

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