



origin



ASPIRING ALWAYS TO LEAD

STRATEGY PERFORMANCE GROWTH

Annual General Meeting
Report to Shareholders
24 October 2011



Wesley Conference Centre

220 Pitt Street, Sydney
New South Wales

1.30pm
Monday 24 October 2011

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ANNUAL GENERAL MEETING

Fellow Shareholder

Origin held its 12th Annual General Meeting (AGM) in Sydney, on 24 October 2011.

At this meeting we reviewed the progress of your company during the 2011 financial year – a year in which Origin delivered strong underlying business performance and completed two major transactions that are having a transformational impact on the Company's ongoing operations and development.

In March, Origin completed the acquisition of a portfolio of NSW energy businesses, making the Company Australia's leading energy retailer, with one of the largest and most flexible generation portfolios in terms of owned and contracted rights.

In July, along with partner ConocoPhillips, Origin made a Final Investment Decision on the first phase of the Australia Pacific LNG coal seam gas (CSG) to liquefied natural gas (LNG) project.

I particularly draw your attention to my remarks at the AGM on Australia Pacific LNG's operations. Further information on these operations and our approach to responsible development is provided on the Origin website.

Your company saw strong growth in earnings and profit in the 2011 financial year. Underlying EBITDA increased by 32 per cent and Underlying Profit increased 15 per cent over the 12 months. A final fully franked dividend of 25 cents per share was paid on 29 September 2011 to shareholders of record on 2 September 2011. This took the full year dividend for the 2011 Financial Year to 50 cents per share, representing 70 per cent of underlying earnings.

Contained in this booklet are the Chairman's and Managing Director's addresses to the AGM, in which we report on the underlying performance of the business, investments we are making for the future, and the outlook for the coming year.

You can view a complete webcast of the AGM at our website: www.originenergy.com.au

Kevin McCann
Chairman



Kevin McCann
Chairman

CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING

24 October 2011

Ladies and Gentlemen,

The last financial year was another significant one for Origin. In March, Origin became Australia's largest gas and electricity retailer, with the acquisition of customers from Country Energy and Integral Energy in New South Wales. The same transaction saw us acquire the rights to electricity output from the Eraring Power Station and from hydro power stations in the Shoalhaven. We now control one of the largest portfolios of power generation assets in Australia in terms of owned and contracted rights.

In July of this year, along with our partner ConocoPhillips, we announced the Final Investment Decision (FID) for the first phase of the Australia Pacific LNG CSG to LNG project in Queensland. In the months since that announcement, the project has remained on course to deliver first gas in 2015.

Origin also raised a significant amount of both debt and equity through the year to finance these investments.

The Company saw strong growth in earnings and profit in the 2011 financial year. Underlying EBITDA increased 32 per cent and Underlying Profit increased 15 per cent over the 12 months.

This growth reflects the operational completion of investments made in prior years; a four-month contribution from the newly acquired NSW assets¹; and strong underlying performance across the existing business.

1. The NSW assets or NSW retail acquisition is a reference to the Integral Energy and Country Energy retail businesses and the Eraring GenTrader arrangements.

Our Managing Director, Grant King, will provide a more detailed account of operations when he speaks. Let me talk briefly about the Company's strong financial performance in financial year 2011.

Financial performance over the year

Statutory Net Profit After Tax was 70 per cent down on the prior year. This reflected a higher Underlying Profit offset by higher impairment of assets, a decrease in the fair value of financial instruments and higher transition and transaction costs primarily relating to the NSW retail acquisition.

Underlying Profit, which excludes from Statutory Profit items that directors consider do not present an appropriate assessment of the results of ongoing operations, rose 15 per cent to \$673 million.

Underlying earnings per share also increased 10 per cent to 71 cents per share² – on a weighted average capital base of 948 million shares.

Group Operating Cash Flow After Tax was \$1.585 billion³.

A final fully franked dividend of 25 cents per share was paid on 29 September 2011, taking the full year dividend for the 2011 financial year to 50 cents per share, representing 70 per cent of underlying earnings.

The Company's balance sheet remains strong.

During the year, Origin invested \$5 billion in development and acquisitions and committed US\$6 billion to fund its share of Australia Pacific LNG. I wish to assure shareholders that Origin is well placed to fund ongoing capital expenditure requirements and Australia Pacific LNG, while maintaining balance sheet strength.

In March and April we raised \$2.3 billion through a share rights issue using an innovative structure to ensure that retail shareholders who wished to sell their rights were treated equally with institutional shareholders. Retail investors took up 79 per cent of the shares on offer.

2. FY2010 Underlying EPS of 66.6 cps restated to 64.8 cps for the bonus element of the rights issue completed in April 2011.
3. Group OCAT means operating cash flow after tax of the Consolidated Group including 50 per cent of Australia Pacific LNG.

In April, we also completed syndication of a \$2.15 billion and US\$350 million bank debt facility.

In June we raised €500 million (approximately \$675 million) from a European hybrid capital issue.

Since the end of the financial year, we have raised a further US\$500 million from US 144A debt capital markets.

As at 30 September, our gearing ratio was 23 per cent and we had \$4.6 billion⁴ of existing committed undrawn debt facilities and cash, meaning we have significant capacity to borrow in order to fund further long-term growth.

Share price

While it has been an outstanding year in operational and financial terms, this success has not been fully reflected in our share price.

The share price is down by 11 per cent from this time last year, and has fallen by approximately 12 per cent over the last six months, broadly in line with the ASX200.

The ASX200 Energy Index fell by 19 per cent over that period, so Origin has significantly outperformed its energy peers.

Nonetheless Origin shareholders have come to expect returns well above the ASX average.

I believe there are three reasons for the failure of the equity market to reflect Origin's strong year.

1. Global environment

Foremost is the current global economic uncertainty. Over the last six months equity markets have been volatile and fallen in value, with an average decline in the United States, United Kingdom, German and Japanese markets of 15 per cent.

This has been driven by acute sovereign debt issues in Europe, minimal GDP growth in the United States due to high unemployment and weak consumer sentiment. It is clear the economic recovery in the United States is faltering.

This uncertainty has clearly impacted Origin's share price through the year, just as it has impacted other Australian companies in our sector.

4. Adjusted to account for US\$500 million of ten year senior unsecured notes issued in the United States 144A market on 14 October 2011.

2. Australia Pacific LNG

A second pressure on our share price is the market's response to the Australia Pacific LNG project. We do not believe the true value of the project is currently reflected in Origin's share price.

Australia Pacific LNG will deliver substantial value to shareholders over time. The project has met all milestones set for it so far, and remains on schedule for first gas in 2015 as first signalled more than two years ago.

Our foundation partner ConocoPhillips is the world's largest producer of CSG and is very experienced in delivering LNG train construction. Through a period of restructuring its own portfolio, ConocoPhillips has consistently and publicly reaffirmed that Australia Pacific LNG remains one of its key global priorities.

Our foundation customer and new equity partner, Sinopec, ensures that the project is connected directly into the economic growth in China at a time of uncertainty in Europe and the United States.

We expect the considerable value locked in the Australia Pacific LNG project will be reflected in the Origin share price over time, as we deliver against milestones.

Our domestic Australian business, by contrast to the global economic uncertainty, continues to benefit from a relatively strong domestic economy and ongoing growth in demand for gas and electricity.

3. Australian policy environment

Nevertheless, a third source of uncertainty for investors in our sector is Australian public policy.

Origin's diverse and integrated Australian business is very well placed to manage policy outcomes around issues such as carbon, taxation and increasing environmental regulation:

- For example, Origin has long supported an emissions trading scheme as the lowest cost and most flexible way to reduce Australia's emissions and we are well placed to benefit under the Clean Energy Future package.

Carbon emissions from Origin's electricity portfolio are lower than the market average, and the Eraring Power Station is one of the most efficient coal-fired generators in the country. A carbon price also increases the long-term value of renewable projects such as our proposed Purari Hydro Power project in Papua New Guinea.

If a carbon price is repealed by a future Government, Origin is also well positioned. The value of gas as a cleaner burning fuel is widely recognised in other countries and international prices reflect that demand. Australian gas prices will rise as the LNG industry connects us with fast-growing Asian markets. This will continue to increase the value of both Australia Pacific LNG and our substantial domestic gas portfolio.

- Uncertainty is also being driven by social and environmental concerns about different sources of energy. A two kilometre exclusion zone for wind farms was introduced this year in Victoria, which will increase the cost of delivering wind energy in years to come.

However the Victorian decision does not affect Origin's Stockyard Hill Wind Farm. With a permitted capacity of up to 450 MW, Stockyard Hill would be the largest wind farm in Australia if built today. Stockyard Hill was permitted before the new Victorian legislation came into existence.

- There are also calls in some quarters for more regulation of CSG. Much of the public discussion of this issue lacks balance and raises concerns not supported by the facts. I would like to make some simple points.

First, CSG is not new or untested. It has been used for cooking and heating in Queensland's homes since 1996. Today it provides 90 per cent of Queensland's natural gas and 15 per cent of Queensland's electricity.

Second, CSG is a big part of the solution for the impact of climate change. Electricity from natural gas produces roughly half the emissions of coal, with less smog and local air pollution and fewer local health impacts.

Third, Origin has not had a single documented case of our CSG operations causing health problems in the local community, since we commenced operations in 1996.

Fourth, Origin has signed more than 600 land access agreements with farmers and drilled around 1,000 wells without ever once going to the Land Court.

Queensland's CSG industry operates in a tightly regulated environment. Contrary to what you might have heard:

- We are not permitted to operate within two kilometres of a city or township without agreement from the local council and community;
- We treat our CSG water, most of which is highly saline, to a quality that surpasses Australian drinking water guidelines;
- We only release water treated to drinking water standards into rivers under strict licence conditions;
- Treated water is made available on a case by case basis to townships and agricultural users; and,
- We do not use BTEX in our fracking fluids.

We also operate in a very transparent environment:

- While more than 97 per cent of fracking fluid comprises sand and water, a miniscule amount of chemicals are used. A full list of these chemicals is available to the public on our website. Fracking fluid does not contain anything that you don't already eat, drink or wash in; and,
- We share all our water monitoring data with government data from more than 450 existing landholder bores and from 80 bores drilled specifically by us to monitor water levels and water quality. That information will be available for the public and for scientists to use.

Thanks to the CSG industry, the Surat basin will become one of the best understood underground water systems in the world, giving scientists and regulators much more information about how to manage the resource in the long-term.

CSG currently accounts for nearly 80 per cent of eastern Australia's gas reserves so it is vitally important for the nation's future energy security.

Over time I am confident the public – and investors – will become increasingly clear about the benefits the industry will bring.

If you would like additional information about these topics, I refer you to the Origin website where you will find a link to a range of information.

Foundation

Let me move now to other matters.

Origin and Australia Pacific LNG are very active in a range of local communities around our CSG and generation assets.

However our main vehicle for making a philanthropic contribution to Australian society is the Origin Foundation.

July 2011 marked the end of the first full year in the life of the Origin Foundation.

The Foundation was established in 2010 with a lump-sum donation of \$50 million to mark Origin's tenth year since listing on the ASX in February 2000.

Its focus is the broad area of education, training and development. This reflects what we feel are core elements of the Origin culture – a commitment to dealing with complex problems in a sustainable long-term way.

In its first twelve months, the Origin Foundation distributed approximately \$4 million to 12 organisations.

More information is available online.

People

The health and safety of our people and contractors remains Origin's first priority. This year, we reported a company-wide Total Recordable Incident Frequency Rate⁵ of 6.0, an increase from 5.6 in the prior year. Many of Origin's business units showed a positive change reflecting their commitment to improving safety, however a number of our colleagues still sustained injuries while at work.

Consequently, the short-term incentive payment for the Managing Director and other senior executives was affected, as these included a target for safety performance. In addition, our employees also did not receive an annual bonus of up to \$1,000 worth of shares under the Employee Share Plan, as the target to obtain this also related to safety performance.

We continue to focus on the challenge of improving safety performance.

Consistent with the ongoing growth of our business, the Origin team has also grown. At the end of the financial year, Origin had a total of 5,213⁶ employees, an increase of 821 people on the prior year, reflecting expanded operations and project activities.

Diversity

Origin recognises that it is very important to improve the participation rates of women in executive ranks and the Board.

The Company's Diversity Council is chaired by the Managing Director and diversity issues are dealt with at the Executive Committee level.

We continue to pursue measures aimed at attracting, retaining and developing female employees and increasing the number of women in underrepresented areas including management and leadership positions.

Areas of current focus include educating senior managers around unconscious bias, providing targeted development programs for women and increasing the number of women on short lists for recruitment.

We continue to offer a range of flexible working conditions to both male and female employees.

5. Measures the total number of recordable injuries that occur per million hours worked on a rolling 12 month basis. Recordable injuries include lost time cases, restricted work cases and medical treatment cases.

6. Excludes Contact Energy employees.

Outlook

At the Full Year Results announcement in August, Origin advised that based on operations to date and the then prevailing market conditions, the Company anticipated:

- Underlying EBITDA to increase by around 35 per cent when compared with FY2011; and
- Underlying Profit to increase by around 30 per cent when compared with FY2011.

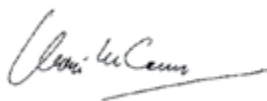
Increasing uncertainty in world financial markets, greater volatility in commodity prices and the patchy performance of the Australian and New Zealand economies makes full year forecasting more challenging.

Based on operational performance of the Company to date we re-affirm this guidance.

Conclusion

In conclusion, I would like to thank all my colleagues at Origin for their dedication and commitment to delivering outcomes for the business, our shareholders and all of our stakeholders.

Finally, I would like to thank you, our shareholders, for your continuing support of Origin.



Kevin McCann

Chairman



Grant King
Managing Director

MANAGING DIRECTOR'S ADDRESS ANNUAL GENERAL MEETING

24 October 2011

Ladies and gentlemen,

The chairman has referred to two major transactions this year that are transformational to Origin's ongoing operations and development.

That is the purchase of the NSW retail businesses and the Eraring Gentrader arrangements and the taking of the Train 1 FID on the Australia Pacific LNG project.

I will talk a little more fulsomely about each of these transactions and in so doing also touch briefly on two topical issues which have seen matters relating to the Company and its business subject to an unaccustomed level of commentary in the media.

The acquisition of the retail businesses of Country Energy and Integral Energy has resulted in Origin having the largest retail market share (33 per cent) by customer numbers.

Your company has become the leading energy retailer in Australia. Importantly, because the acquisition marks the end of a long period of retail consolidation in Australia, material changes in market share are now unlikely to occur through business acquisition and accordingly we expect to see much more competitive activity in the market for a period of time. We are seeing this through much higher levels of customer churn, particularly in New South Wales.

Entry into the Earing Gentrader arrangements has also seen us become a market leader in generation by ownership or control of generation capacity.

Not only have we become the leading retailer in the National Electricity Market (NEM) but we also have strong market positions in gas and electricity in every major market in eastern Australia creating a more diversified and robust business.

However with that leadership comes the great challenge of maintaining and building on that market share. To achieve this there are many things we have to do well and two of the most important are to upgrade our customer management and billing systems in a project we call Retail Transformation, and off the back of that transformation, deliver customers a better range of products and services.

I am pleased to report we are in the implementation phase of this important project that has taken many years of preparation. We have successfully transferred to our new systems 1.3 million customers in South Australia and Victoria with another million customers in Queensland and New South Wales to transfer from December. We will then progressively transfer Integral Energy and Country Energy customers to these new systems over the next few years. Progress of Retail Transformation has been excellent.

Enabled by these new systems we continue to develop new products and services for customers to add, for example, to our market leading positions in green energy products. Our solar PV rooftop business is an example where we have created a market leading position in a new business that is becoming more material for us.

As mentioned previously, Origin has a market leading position in Generation. Importantly, Origin's generation position displays what we believe are the two most important attributes for a generation portfolio of operational flexibility and fuel diversity. Our portfolio of generation can respond very quickly to changing demand for, and price of, electricity and in the context of the imminent passage of the carbon pricing legislation through parliament, a carbon intensity which is materially below the market average.

Origin's generation portfolio is also diverse as to technology and geography with generation located in all the regions of the NEM where we have customers.

I mentioned in my opening comments that I would also discuss briefly a couple of issues that have been of substantial public interest.

In respect of our retail business this relates to electricity prices, which have risen substantially in recent times and on the basis of coverage in the media, you would be entitled to believe had become much more burdensome to the average consumer.

By virtue of significant increases in network charges (which are businesses not owned by Origin) they have become an increasing component of electricity bills (54 per cent) and this has largely driven increases in costs to consumers. The balance of costs are wholesale energy costs and retail costs which are competitive segments of the market and are the businesses where Origin has market leading positions.

Notwithstanding the perception that energy costs are becoming more burdensome to consumers, recent data from the Bureau of Statistics provides some useful insights. This data shows that energy prices as a proportion of household income have remained roughly constant for 25 years.

We expect there will be continued upward pressure on electricity prices but, given projected increases in household income, we do not expect energy prices to become more burdensome on the average consumer.

To the extent that some customers experience difficulties paying their bills, Origin supports them through our Power On program which creates affordable payment plans and provides customers with energy audits and energy efficiency advice.

Australia has historically enjoyed very competitive energy prices and we expect energy prices in Australia to remain globally competitive.

Turning now to the other important development in our business, which is the taking of the FID on Train 1 of the Australia Pacific LNG project.

The production from this first train is sold to Sinopec under a long-term contract and Sinopec has become an equity partner in the project.

We believe this first train FID of US\$14 billion, of which our share is 42.5 per cent, is a robust project. The taking of FID on train 2, which we are expecting in the new year, will double the capacity of the project at the cost of another US\$6 billion by Australia Pacific LNG, which will add substantially to the economics of the project.

The second of the issues that has been subject to much public debate relates to these projects.

The perception that some have been seeking to create is that these projects are proceeding in an uncontrolled manner with an unknown impact on the environment and the community.

I want to assure shareholders that these projects are only allowed to proceed because they have been subject to very extensive permitting processes at a state and federal level over nearly two years to study, scrutinise and review all aspects of the projects before they are permitted to proceed. They are subject to a very comprehensive and ongoing monitoring and regulatory process to ensure they comply with the conditions of their permits.

Australia Pacific LNG's project is being operated by two very experienced operators.

Origin, which originally acquired and developed the very extensive acreage position now owned by Australia Pacific LNG, is the operator of the upstream part of the project.

In so doing we are able to maintain strong continuity in all aspects of the development of the CSG resource.

ConocoPhillips, the other foundation participant in the project, is the downstream operator. It is the owner and developer of the LNG technology being used in our project. ConocoPhillips' technology is also being used in the other projects in Gladstone and has been successfully delivered by Bechtel, our principal downstream contractor, across nine other projects globally over the last 40 years. We are confident in ConocoPhillips' ability to deliver the downstream part of the project.

We recognise how important our relationship is with the community and landowners in the areas in which we operate. We have always worked hard to maintain mutually beneficial relationships with these groups and I am sure ConocoPhillips and Origin as operators for Australia Pacific LNG will continue to do so.

The year just passed has been a very important year in the development of your company. It is clearly economically challenging times globally and I am sure this has, in substantial part, contributed to much of the economic, political and community uncertainty to which our Chairman referred.

We are not immune to these influences in the short-term, yet rarely is a company, even in the best of times, able to reflect on a year in which the opportunities have been taken which should double the size of the Company in the medium term. The progress in the growth and development of Origin is a consequence of the skill and commitment of all who work in Origin and on your behalf I thank them all for their efforts.

We look forward to your continued support for our commitment to continue the growth and development of your Company.

Thank you.



Grant King
Managing Director

MEETING RESULTS

In accordance with Listing Rule 3.13.2 and Section 251AA of the Corporations Act, the outcome in relation to each resolution put to the security holders of Origin Energy Limited at its Annual General Meeting held on 24 October 2011 is detailed below. Each resolution was determined by a poll at the meeting.

Items of Business	For	Against	Abstain*
Resolution 2 – Re-election of H Kevin McCann as a Director	524,233,084	9,230,052	1,642,949
Resolution 3 – Re-election of Bruce G Beeren as a Director	524,889,091	7,710,739	1,681,693
Resolution 4 – Adoption of Remuneration Report (non-Bonding Advisory Vote)	495,950,936	26,313,334	2,932,537
Resolution 5 – Grant of Long-term Incentives to Mr Grant A King – Managing Director	496,865,682	27,481,923	2,328,214
Resolution 6 – Grant of Long-term Incentives to Ms Karen A Moses – Executive Director	496,477,202	27,815,607	2,372,917

* Note that votes relating to a person who abstains on an item are not counted in determining whether or not the required majority of votes were cast for or against that item.



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