

Annual General Meeting
Report to Shareholders

15 October 2008



origin
energy



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Annual General Meeting

Menzies Hotel

14 Carrington Street, Sydney

New South Wales

10.30am, Wednesday 15 October 2008

Dear Shareholder

On 15 October 2008 Origin Energy held its 9th Annual General Meeting in Sydney. At this meeting we reviewed the progress of your company during the year and provided detail of the transaction with ConocoPhillips, including the capital management initiatives we are undertaking. It is therefore with great pleasure that I am presenting this record of the Annual General Meeting together with information of an additional fully franked dividend of 25 cents per share.

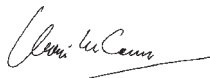
The payment of this additional dividend follows the completion of the transaction with ConocoPhillips which occurred on 30 October. It effectively doubles the 2008 dividend payout to 50 cents per share fully franked, providing a new base for future dividends.

The initial A\$6.9 billion cash payment received from ConocoPhillips on completion has significantly improved our existing strong financial position. Origin now has no net interest bearing debt and a significant cash balance.

This financial strength places the company in a strong position to pursue a decade of growth.

Details of the transaction are set out in the attached Chairman's and Managing Director's addresses to the Annual General Meeting in which we report on the past year's results, our future strategies and outlook for the coming year.

I trust that this report is of interest to you. You can view a complete webcast of the AGM on our website on www.originenergy.com.au.



Kevin McCann
Chairman

Chairman's Address Annual General Meeting 15 October 2008

This has been a transforming and successful year for Origin. The year's defining events were the attempt by BG Group to obtain control of Origin through a Scheme of Arrangement and a hostile takeover offer, and our announcement in September of a CSG to LNG joint venture with ConocoPhillips worth up to \$9.6 billion.

The company has also been very active on other fronts. For example, we completed the integration of the Sun Retail business in Queensland; we acquired the Uranquinty Power Station in New South Wales in July; and we progressed a range of major development projects, including new gas fired power stations at Darling Downs in Queensland and Mortlake in Victoria. Grant King will describe these activities in more detail.

In 2008 Origin extended its financial track record since listing in 2000, by significantly outperforming the broader Australian stock market.



Market capitalisation

- Market capitalisation has grown from around \$8 billion at the time of last year's Annual General Meeting to over \$13.5 billion today.
- Our weighted average share price in the month preceding last year's Annual General Meeting was \$9.71. The average price over the last month has been \$16.07 – a one year rise of 66%.
- This increase occurred despite sharp falls and volatility in the value of Australian shares over the same period.
- Origin is now a Top 20 company by market capitalisation on the Australian Securities Exchange.

Integrated fuel company

By continuing to pursue our integrated fuel generator and retailer strategy through 2007/08, Origin has consolidated its position as:

- A leading producer, wholesaler and retailer of energy in Australia and New Zealand;
- The largest holder of proved and probable gas reserves in eastern Australia;
- The largest owner and developer of gas fired electricity generation in Australia; and
- The largest green energy retailer in Australia.

Financial performance

Our results for 2007/08 reflect this success.

Underlying profit for the year was \$443 million, up 20% on last year and primarily derived from a very good second half performance.

Statutory profit was \$517 million, which included a number of one-off items, such as the profit on sale of the Networks business and the impact of fair value changes to financial instruments. This represented a 13% increase on last year.

Our focus on upstream resources and on generation has not been at the expense of our retail operations. This year has seen the first full year contribution from Sun Retail, which helped in raising the underlying earnings from the Retail segment by 41% in the year.

We have continued to deepen integration of the business through a substantial increase in upstream gas reserves and by continuing to pursue acquisitions and developments in electricity generation. Around \$2.3 billion of development projects are currently underway in power generation alone. Grant King will be describing these activities in more detail.

Overall in the last year we spent \$1,685 million on capital expenditure, of which over 80% was growth capital.

Safety

We are also very pleased at the significant improvement we have recorded this year in reducing the number of safety related incidents. Our total recordable incident frequency rate in the year has decreased from 16.3 to 8.5 – an improvement of over 47%. We are not complacent about this outcome and will strive for zero harm for our employees and contractor employees. Safety remains one of the top priorities for the Board and management. In financial year 2009 we will devote increased resources and awareness to safety in the workplace.

Environment

Over the past year there has been a significant amount of policy work at State and particularly Federal Government levels to progress an appropriate response to climate change.

Origin believes that reducing the carbon intensity of our economy is an important environmental objective. We will continue to support development of effective policies, particularly relating to emissions trading, which will support the long term reduction of carbon emissions, especially from the stationary energy sector.

We believe that Origin is well placed to contribute to this important environmental objective. Origin has extensive knowledge of Australian energy markets and can and is contributing effectively to policy development. Origin has also positioned its business through investment in lower carbon technologies, such as efficient gas fired generation and renewable energy sources, to lead the way to a lower carbon future.

CSG

Let me turn now to the events that transformed Origin over the past year.

It is fair to say that 2008 was the year in which the broader Australian investment community came to appreciate the potential significance of Australia's coal seam gas resource.

The surge in interest was led by the international energy companies, with BG Group, PETRONAS and Shell making investments in QGC, Santos and Arrow Energy respectively. The reason for this interest was the prospect of establishing an eastern Australian LNG industry to supply demand for LNG from both global and in particular Asian customers.

After more than a decade of investment in this area, Origin was at the beginning of the year – and remains today – the largest holder of CSG reserves and the leading developer of CSG in Australia.

BG approach

As a result of its interest in our CSG assets, BG Group approached us on 30 April this year with a proposal to buy all the shares of Origin for a cash price of \$14.70 per share. The offer was increased to \$15.50 a share less dividends paid.

After careful consideration and with the benefit of both an upgrade in our CSG reserves and the PETRONAS benchmark for Santos' CSG assets, the Board determined that the offer undervalued the company.

BG Group returned on 24 June 2008 with a hostile bid at the same price and again your Board rejected this bid as undervaluing the company. The successful monetisation of the CSG resources has proved this to be the right decision.

ConocoPhillips joint venture

In parallel with the initial rejection of the BG bid, the Board instigated a process to accelerate the monetisation of its CSG reserves and to ascertain whether participating directly in a CSG to LNG project could deliver greater value to shareholders than the BG bid.

Following a rigorous tender process which attracted strong interest from major global energy companies, we announced on 8 September the selection of ConocoPhillips to acquire half of our CSG interests and invest in the joint development of a four train CSG to LNG project using our joint CSG reserves and resources for a total price of up to \$9.6 billion.

ConocoPhillips is paying up to A\$1.88/GJ for CSG 3P reserves for a four train development. This confirms the increasing valuation for large scale high quality CSG resources capable of supporting multiple train LNG projects. It also confirmed the inadequacy of the BG bid, which has subsequently lapsed.

Origin's financial position

Origin is operating in a period of global financial turmoil which has led to the impairment of the effective operation of the world's banking, financial systems and stock markets. The problems of these institutions have the potential to affect the world's economy, including Australia.

We applaud the actions of the Australian Government to enable Australian banks to raise the funding they require and reassure depositors of the safety of their deposits. Hopefully, initiatives recently announced in the USA and other G7 countries to restore the integrity of their banks and financial institutions will restore business and consumer confidence.

Origin will have the financial strength to fund a decade of growth and the LNG joint venture will add substantially to our already extensive portfolio of integrated energy developments. At a time when most companies face liquidity management challenges, Origin will enter the new year with minimal debt and one of the strongest Balance Sheets in corporate Australia.

Origin shareholders will also benefit in the shorter term from this transforming joint venture.

We have continued to increase our dividend payouts, with a final dividend of 13 cents fully franked. This takes total dividends to 25 cents for the year, up from 21 cents last year.

We have announced that we will double this dividend to 50 cents per share by an additional 25 cent dividend, following completion of the transaction with ConocoPhillips. Our intention is that dividends will remain at this higher level with a target payout ratio of at least 60% of underlying earnings in the years to follow.

We have also announced an on-market buy-back of ordinary shares up to the value of \$1.275 billion. This is likely to commence in November. We will also consider other capital management initiatives that may include an off-market buy-back of ordinary shares.

In the coming year, the Board will again be focused on ensuring we deliver growth in shareholder value and earnings from operations. We will be intent on maximising the value from the financial strength in our balance sheet.

While the Board will review acquisition opportunities in its core business, it will be disciplined in its approach and mindful of the decline in asset values and higher returns expected from acquisitions.

Outlook

With all the events that have occurred within Origin and the world around us, it is appropriate to make some comments on our outlook for the current financial year.

In the first quarter, our Australian businesses have performed in line with our expectations. As you may be aware, Contact Energy has had a more challenging start to the year due to unusually dry conditions on the South Island of New Zealand which substantially reduced generation in hydro power stations.

More significantly, there has been dramatic and unpredictable volatility in oil prices, interest rates and foreign exchange rates between the Australian dollar and the US and NZ dollars.

Furthermore, the pending completion of the ConocoPhillips transaction which will result in the receipt of US\$5 billion, and the timing and pricing of the previously advised on-market buy-back will all significantly affect the outlook for the full financial year.

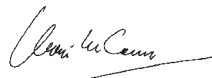
Based on current market conditions for oil prices, exchange rates and interest rates, and allowing for a range of outcomes in relation to timing of receipt of the payment from ConocoPhillips and the subsequent on-market buyback, Origin expects that underlying profit for the current financial year will be approximately 30–40% higher than the prior year.

Board operation

Before concluding this part of the AGM, I would like to thank my fellow Directors for their contribution and commitment this year. The Board has been extremely busy with 12 non-scheduled Board meetings in addition to the 11 scheduled meetings last year. Since 1 July this year, we have had nine meetings only two of which were scheduled. The Board has spent considerable time evaluating the BG proposal, the acquisition of the Uranquinty Power Station, the ConocoPhillips transaction and a range of other significant decisions. It also established a due diligence committee to oversee the Origin Target's Statement responding to the BG offer.

I would like to thank our Managing Director, Grant King, and all Origin Energy employees for their hard work and contribution not only to our strong performance during 2007/08, but also to the process to monetise our CSG assets which culminated in the ConocoPhillips joint venture. May I express special thanks on your behalf to Grant, who led the defence to the BG offer and the CSG monetisation process.

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



Kevin McCann
Chairman

Managing Director's Address Annual General Meeting

15 October 2008

Since listing in 2000, Origin has had a strong record of delivering growth for shareholders. We have had a compound annual growth rate in underlying earnings per share of 17% and a compound annual growth rate in dividends per share of 30%. Notwithstanding the recent turmoil in global financial markets that have seen significant reduction in the share prices of many companies, our shareholder return over this period has averaged 35%.

We are clearly now living in uncertain economic times and many market commentators are predicting challenging times for the economy, both globally and within Australia and the subsequent impact this will have on the outlook for Australian companies.

The Chairman in his address used the term a “decade of growth” – I would like to talk briefly today to the projects and opportunities Origin has before it that will see Origin continue its record of continuing growth.



We remain optimistic about our future, even though the economic outlook looks more challenging than ever.

We have continued to grow Origin based on our strategy as a fuel integrated generator/retailer. As a result, we have continued to invest in assets that grow our business, particularly in upstream and generation. These investments will drive the company's growth over the next few years.

The offshore Otway Gas Project was completed and fully commissioned at the end of the last financial year. This project is now operating reliably and will be a significant new contributor to full year earnings this financial year.

In July, we purchased the 640 MW Uranquinty Power Station from Babcock & Brown Power. This project was in an advanced stage of construction. The first of four turbines is now commissioned and the power station will be fully completed early next year. The acquisition of this power station is our first major investment in the NSW energy market.

Expansion of the Quarantine and Mt Stuart power stations in SA and Queensland is also progressing well. The expansion of these power stations will support our growing retail business in south eastern Australia and Queensland. Both projects should be completed in 2009.

Kupe, our gas and liquids project in the Taranaki Basin in New Zealand, is also progressing well in very challenging circumstances. Demand for skilled labour, materials and resources in the petroleum industry is very high – despite these challenges, we expect this project to be completed in the middle of next year.

Whilst Origin has contracted with a number of counterparties for renewable energy supply from wind farms, Origin has now secured a number of development sites. Construction has commenced on a 30 MW project at the first of these sites at Cullerin in NSW – we expect this project to be the first of a number of renewable energy projects including wind, solar and geothermal that will be necessary for Origin to acquit its obligations under a number of State and Federal renewable energy schemes.

Origin's largest single power station project, the 630 MW Darling Downs Power Station, is also well into construction. This will be the largest combined cycle power station in Australia using highly efficient environmentally friendly gas turbine technology. It will use coal seam gas from Origin's extensive coal seam gas reserves and support Origin's large electricity retail business in Queensland. This project is targeted for completion in 2010.

In July we announced our decision to proceed with the construction of the 550 MW Mortlake Power Station in Victoria. This power station will use gas from our interests in the Bass and Otway Basin gas projects and support our electricity retail business in Victoria, particularly during periods of high electricity demand and high prices.

Through our 51.4% interest in our subsidiary, Contact Energy, we are also exposed to a number of exciting projects.

Contact and Origin will jointly develop an underground gas storage facility in a depleted onshore oil and gas field in the Taranaki Basin in New Zealand. This will be a critical piece of energy supply infrastructure that will help balance gas supply and electricity demand.

Contact Energy also has a very strong and competitive position in geothermal energy in New Zealand – this gives the team at Contact Energy world class skills in geothermal energy. Contact is both redeveloping and expanding these assets, with the first stage being the Te Mihi geothermal development. This project should be completed by 2011.

Renewable energy will play an increasing role in New Zealand energy supply. In addition to geothermal energy, Contact is developing some large wind farm projects. The biggest and most advanced of these is Hauāuru mā raki, which will have a capacity of 540 MW. The project will be developed in stages, with the first stage due on line in 2013.

This set of opportunities provides significant momentum to Origin's growth. In addition to these projects, the Company can now add the largest opportunity yet secured by Origin. The development of our extensive CSG asset will supply the production of LNG for export to overseas markets.

Over the past 10 years, Origin has acquired and developed an extensive portfolio of CSG acreage, covering the "sweet spots", in the Queensland CSG industry. With proved, probable and possible reserves of 10,138 PJ and contingent resources of 15,869 PJ, Origin has demonstrated a resource position that is substantially greater than required to support Origin's domestic channels to market.

As the Chairman mentioned in his address, we conducted a CSG monetisation process to accelerate the development of these large CSG reserves.

ConocoPhillips was the successful bidder in this process. They will acquire a 50% interest in our CSG assets for a payment of up to \$9.6 billion to establish a joint venture with Origin which will produce CSG to satisfy our existing domestic requirements and establish an export channel through the production of LNG.

ConocoPhillips brings two important skills to our CSG to LNG joint venture which will be established on completion of the transaction.

Firstly, they have extensive experience in the development, construction and operation of LNG projects. This is evidenced by the successful construction of the Darwin LNG project, only the second LNG project developed in Australia.

The Darwin train size is 3.5 million tpa and it is the intention of ConocoPhillips that up to four of these trains be built to be supplied by CSG.

The second important skill is their long history of successful operation of CSG projects in the United States. The San Juan Basin in New Mexico is the leading CSG project in the world, with annual production from this basin at a level similar to total gas production in eastern Australia.

Origin is already the leading producer of CSG in Australia through our established projects in Queensland. The establishment of the Origin/ConocoPhillips joint venture brings together two organisations committed to the development of the full potential of Origin's extensive CSG interests.

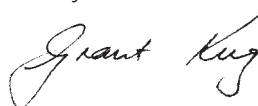
The payments by ConocoPhillips to acquire their 50% interest in the joint venture will transform Origin's Balance Sheet and financial position.

The initial payment of US\$5 billion will effectively eliminate Origin's net debt and provide a substantial cash balance. As the Chairman has indicated, some of this cash will be used to fund an additional dividend and an on-market buyback of shares. Even after these commitments, the company will still have substantial Balance Sheet capacity to fund growth.

I trust that following this brief presentation, shareholders can see why we are optimistic about our future. We have a substantial set of projects ahead of us. We have some exciting opportunities through our exploration and development activities. We think that a number of interesting acquisition opportunities may also emerge given current market conditions. At a time when capital markets are in disarray and securing capital for growth is more difficult, we will be receiving a large cash injection by virtue of the ConocoPhillips transaction.

We believe that the next few years will present more opportunities to grow either by acquisition or development. Your company is very well placed to pursue a decade of growth.

Thank you.



Grant King
Managing Director

Meeting Results

Items of business	For	Against	Abstain	Open
2 Remuneration Report	396,618,285	23,613,449	2,484,846	14,469,940
3(a) Election – B G Beeren	393,982,416	27,791,959	740,841	14,671,304
3(b) Election – H K McCann	420,681,607	884,501	751,808	14,868,604
4 Increase in Non-Executive Directors' fees	408,877,567	11,997,851	1,780,141	7,070,650
5 Renewal of proportional takeover provisions	418,924,903	1,134,889	1,654,990	15,471,738

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