



CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING 15 OCTOBER 2008

Ladies and Gentlemen

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 integration of the Sun Retail business in Queensland; we acquired Uranquinty Power station in New South Wales in July and 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 out-performing 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 AGM 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 have spent \$1,685 million on capital expenditure, of which over 80% was growth expenditure.

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 a State and particularly Federal Government level 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 JV

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 A\$9.6 billion.

ConocoPhillips is paying up to A\$1.88/GJ for CSG 3P reserves for a 4 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.

Completion of this transaction is subject only to FIRB approval which we expect should be announced by early November. Completion and payment will follow shortly thereafter.

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.

I will now hand over to Grant King to talk more about our operations and activities during the 2008 financial year.

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 buyback 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 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.