



CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING 30 OCTOBER 2009

Ladies and Gentlemen

Few of us will forget Financial Year 2009.

It began with global credit markets - frozen. In September Lehman Brothers collapsed and this precipitated a financial crisis which required Governments in the USA, UK and Europe to bail out some of the world's largest banks who were on the brink of insolvency. Economies slowed, profits fell and asset values deflated.

Many of Australia's largest companies struggled with liquidity and were forced to raise capital at deep discounts to repay debt.

At Origin, we were fortunate to avoid the impact these events have had on the value of Australian listed companies.

Our year began with a hostile takeover bid by BG Group, which your directors believed undervalued the Company. Your directors and management subsequently took decisive action and initiated a process to secure greater shareholder value through an alternative route. This was confirmed when we completed the transaction on 30 October 2008, a year ago to the day, to form a 50:50 joint venture with ConocoPhillips and established Australia Pacific LNG.

Conoco made an initial investment of \$8 billion, of which \$6.9 billion was in the form of an upfront cash payment. The remaining \$1.15 billion is to carry Origin's share of development costs in the lead-up to a Final Investment Decision (FID) by Australia Pacific LNG for a CSG to LNG project, targeted for the end of 2010.

Following completion of the Australia Pacific LNG transaction, Origin was able to repay a substantial portion of its outstanding debt as well as having very strong cash balances in the past year.

In short, our financial position and operating performance was largely unaltered by the financial crisis around us and we avoided the critical liquidity management issues most Australian corporations experienced.

We delivered record profits.

And we were able to continue with a capital investment programme which will lay the foundations for years of future prosperity.

Record Profit

Origin's Statutory Profit for the year was \$6.9 billion, which includes a gain of \$6.7 billion from the investment in Australia Pacific LNG by ConocoPhillips. This compares with Statutory Profit of \$517 million in the prior year.

We reported a record Underlying Profit of \$530 million for the year ended 30 June 2009, up 20 per cent on the prior year, highlighting the continued strength of our existing business.

Basic earnings per share, calculated from the Underlying Profit, increased 19 per cent to 60.4 cents on a weighted average capital base of 877 million shares.

We have declared a final fully franked dividend of 25 cents per share, almost double last year's final dividend paid in October 2008. Following the Australia Pacific LNG transaction, an additional fully franked dividend of 25 cents per share was paid on 21 November 2008 to rebase the 2008 financial year dividend to 50 cents per share.

We intend to target the payment of an annual dividend of at least 50 cents per share and maintain a dividend payout ratio of at least 60 per cent of Underlying Profit over the medium term. The 2009 full year dividend is therefore in line with the dividend attributable to the prior year.

Continued investment

Our capital position and strong underlying earnings allowed us to continue building the foundations for future growth.

Australia Pacific LNG secured a site for its LNG processing facility at Laird Point on Curtis Island in the Port of Gladstone. It also increased Proved and Probable Coal Seam Gas (CSG) reserves by more than 50 per cent to 7,265 PJe, demonstrating the size and quality of the CSG resource available to the joint venture. The joint venture continues to target a Final Investment Decision by the end of 2010 and commencement of LNG production at the end of 2014.

Origin also invested over \$2 billion during the year in our portfolio of major gas production and electricity generation projects, including:

- the Kupe Gas Project in the Taranaki Basin in New Zealand;
- Australia's largest combined cycle gas-fired power station 630MW at Darling Downs in Queensland; and
- the 550MW Open Cycle Mortlake Power Station in western Victoria. Origin's own windfarm which came online in June at Cullerin Range in New South Wales.

In August we also acquired the Pangaea Coal Seam Gas exploration permits in Queensland for \$660 million.

The company has continued to grow and prosper during a year of global recession. We feel we are well placed to deal with future opportunities available to us.

Operating in a carbon-constrained world

Climate Change provides a major global challenge to our environment and how we live and operate in it. It will have a profound impact which no business will escape, and will require us to adapt and change the way we operate our

businesses. As I have said previously, climate change – and the government policies introduced to address it – forms one of the great social issues of our time. Australia should be investing today to prepare us for the change and adaptation required.

But to invest at scale, business requires regulatory certainty.

The Mandatory Renewable Energy Target was recently passed into law, providing increased certainty for investors in viable renewable energy technologies such as wind, solar photo-voltaics and, in the longer term, geothermal. Investment in those industries continues apace, not just at Origin, but in the economy more broadly.

We welcome the relatively prompt passage of the MRET legislation and encourage the Australian parliament to provide the same certainty around the Carbon Pollution Reduction Scheme.

It is our view at Origin that good climate policy requires a price to be put on the damage to the environment by Greenhouse Gas emissions caused by human activities. A price on carbon is inevitable, in our view, both in Australia and globally.

We believe that the CPRS (or cap and trade system) provides the best mechanism for allowing the market to price carbon. We appreciate that this will require the Government and Opposition parties to work constructively to produce legislation which provides effective outcomes for Australia including our Trade Exposed Emission Intensive Industries, that is, our export industries and industries subject to competition from producers whose products are not subject to a carbon cost.

While the debate over climate policy has gone on around us, Origin has continued to prepare for a carbon constrained world.

We continue to be the leading retailer of Greenpower products in Australia and a major player in the markets for solar panels and voluntary carbon offsets.

More importantly, a shift from coal to natural gas for baseload power generation is inevitable if the world is to take large strides towards a lower emissions economy. With our extensive gas reserves, in CSG and conventional gas, and as Australia's leading developer of gas-fired electricity generation, Origin is very well placed to take advantage of that shift.

We are undertaking an aggressive exploration program in Australia and New Zealand to identify additional reserves of conventional gas.

Board and Management

Dealing with an uncertain future requires good governance.

Reflecting the growth of the Company, the Board appointed two new directors last year.

In view of the importance of natural gas to the Company, we invited Mr John Akehurst to join the Board. John brings to the Origin Board a wealth of oil and gas industry experience, particularly in LNG.

Executive Director, Ms Karen Moses, newly appointed as head of Finance and Strategy, responsible for the finance, tax and accounting functions, our interactions with capital markets, corporate strategy and transactional activity, brings management experience and intricate knowledge of our business.

The unsolicited and hostile takeover bid by BG Group and the ConocoPhillips Australia Pacific LNG Joint Venture meant a year of extraordinary activity for the directors. Your Board worked particularly hard last year. We held a total of 18 directors meetings (including 7 special meetings) to deal with the BG takeover and the Australia Pacific LNG Joint Venture negotiations.

During the year, the Board also maintained oversight of the Company's operations. The Board visited Origin's coal seam gas operations in Queensland and the Darling Downs Power Station site to inspect first-hand the progress being made on these significant projects being developed by the Company.

Executive Remuneration

This topic has been a matter of keen shareholder political, media and community interest.

Your Board takes very seriously its duty to set appropriate executive Remuneration for Origin Executives and is respectful of the views of shareholders.

The Board contributed during the year to the public debate around executive remuneration, by making a substantial submission to the Productivity Commission review of executive remuneration.

We are pleased that the draft Report of the Productivity Commission delivered recently, found that Australian remuneration practices were generally sound and that Boards should retain their central role in remuneration setting. Most of the reform proposals recommended by the Commission are already in place at Origin. We will be making a further submission in relation to the "two strikes" and no "vacancy" proposals which we think are unhelpful and unnecessary.

People and Community

As Origin continues to experience significant growth, our team has grown with it. During the year, Origin's employee numbers across Australia, New Zealand and the Pacific increased seven per cent to 4,198.

Across our business we are investing in recruitment and development initiatives to ensure our people have the right skills - and the right opportunities - to support the continued growth and development of the Company.

These programs are designed to give our leaders the ability to manage and to lead change as our business expands and as we bring new assets and markets on line.

We are focused on employing talented Australians with a diversity of gender and background.

We are also investing in the future of our communities.

More than half a million children from pre-school age to 15 have now been through either the Energy Saver or Energy Safety programmes funded entirely by Origin. These programmes, which are made available to teachers across Victoria, South Australia, Queensland and New South Wales, teach younger children about dealing safely with energy. Older children are taught tips for energy efficiency and how to avoid wasting energy.

These children will be part of our community for years to come, and many - we hope - are future customers, future investors and our future Origin employees.

In addition, we work closely with regional communities both at the indigenous and local landowner level.

I will now hand over to Grant King to talk more about our operations and activities during the 2009 financial year.

Outlook

Now to the outlook for the current financial year.

Origin commenced the 2009/10 financial year with its existing business well placed to contribute to ongoing growth and its CSG to LNG joint venture with ConocoPhillips effectively established. Your company is in a very strong financial position with access to \$4.4 billion of cash and undrawn committed debt facilities, as of 30 September 2009.

In the first quarter, operating conditions and business performance in Australia has been broadly in line with expectations.

In New Zealand, conditions for Contact Energy remained challenging in the first quarter as dam levels in the South Island remained high, depressing wholesale electricity prices.

We have noted previously that we are conducting a large exploration programme that will cost approximately \$100 million more than normal levels.

Based on performance for the first quarter and current economic conditions prevailing, Origin reaffirms that it expects the Underlying Profit for the 2010 financial year to be around 15 per cent higher than the prior year. This expectation makes no allowance for expensing unsuccessful exploration arising from the additional exploration programme.

Conclusion

In concluding I would like to take this opportunity to thank Grant King, his executive team and all our other colleagues at Origin. Their commitment in the past year contributed to the outstanding outcome for shareholders culminating in

the establishment of the Australia Pacific LNG Joint Venture. On your behalf, I applaud their dedication to the job and commitment to delivering the best outcomes for the business and for our stakeholders in a year which has transformed Origin into a major Australian Energy Company.

I would also like to express appreciation to my fellow directors for the contribution they made last year. As Chairman, I had their unwavering commitment through a bitterly contested takeover to securing the right outcomes for the Company its shareholders and its employees.

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