



MANAGING DIRECTOR'S ADDRESS ANNUAL GENERAL MEETING

24 October 2011

Good afternoon.

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 New South Wales retail businesses and the Eraring Gentrader arrangements and the taking of the Train 1 Final Investment Decision (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%) 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 NSW.

Entry into the Eraring 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 NSW 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.

As you can see on the slide our 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.

You can see that 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%) 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 Final Investment Decision 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 \$14 billion of which our share is 42.5% 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 cost of another \$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.

Ladies and gentleman, 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.