



MANAGING DIRECTOR'S ADDRESS ANNUAL GENERAL MEETING 30 OCTOBER 2009

Ladies and Gentlemen

The Chairman has commented on two major occurrences in the past year, the Global Financial Crisis and, of more significance for Origin, the transaction with ConocoPhillips, that have most shaped the year in review. I would now like to briefly reflect on the underlying performance of the business during financial year 2009.

Origin's EBITDAF for the year was \$1.2 billion compared with \$1.3 billion for the prior year, primarily a result of challenging circumstances faced by Contact in New Zealand.

EBITDAF from Origin's integrated business, excluding Contact, increased by \$20 million. This was achieved despite the dilution of Origin's interests in its CSG assets as part of the APLNG transaction, lower oil prices, and margin foregone in the Retail business as a result of the initial 2008/09 tariff decision by the Queensland Competition Authority.

Exploration and Production EBITDAF was \$264 million for full year 2009 compared with \$266 million in 2008 despite the 50 per cent dilution of Origin's CSG interest following completion of the APLNG transaction as well as lower oil and condensate prices.

Generation EBITDAF increased \$42 million or 65 per cent from \$65 million to \$107 million due mainly to the initial contributions from the new Uranquinty Power Station and the expansion of the Quarantine Power Station. While this segment is currently the smallest contributor to Origin's underlying performance, we expect it will grow substantially in the coming year.

Retail EBITDAF was \$479 million compared with \$499 million for the prior year. This was primarily due to margin foregone resulting from an initial adverse 2008/09 tariff decision by the Queensland Competition Authority that was only rectified in June 2009. While we are not able to recover this revenue foregone it is important that we have now secured this underlying cost recovery going forward.

Contact Energy contributed \$369 million to overall EBITDAF - a 25 per cent reduction on the previous year of \$494 million. Contact's business remains sound notwithstanding the combination of extreme weather and transmission constraints which adversely affected Contact's wholesale costs and generating revenue.

In the Exploration and Production business, the key milestone of the past year was the completion and establishment of the 50:50 CSG to LNG joint venture with ConocoPhillips - Australia Pacific LNG (APLNG).

APLNG proved and probable reserves increased by more than 50 per cent to 7,265 PJe (2P) during the period. This reserve increase demonstrates the size and quality of the CSG resource available to the joint venture.

Origin also expanded its CSG position in Queensland through the acquisition of highly prospective acreage from the Pangaea Group and expects to book over 1,000 PJ of 3P reserves.

The Kupe Gas Project in New Zealand is a significant project that will help meet that country's gas needs in the next 15-20 years.

It is anticipated that Kupe will provide approximately 254 PJ of natural gas and 1.1 million tonnes of LPG and 14 million barrels of condensate over its 15 year life.

Construction of the offshore wells and onshore production station are complete and we expect to open the wells and bring raw gas ashore by the end of December this year.

Today, Origin is Australia's largest owner and developer of gas-fired electricity generation. In the past year our operating power station capacity has more than doubled to 1,494 MW.

This expansion was the result of the acquisition and completion of the 640 MW Uranquinty Power Station in NSW, the 120 MW expansion of the Quarantine Power Station in South Australia and completion of the 30 MW Cullerin Range Wind Farm in NSW.

Throughout the year we also acquired the long-term power and gas purchase agreement for the 180 MW Osborne Power Station in South Australia.

While in the past year we have doubled our operating capacity, by the end of 2010 calendar year, we will have again almost doubled our generation capacity to 2,800 MW.

Currently under construction are three power generation projects with a total operating capacity of 1,306 MW - Mt Stuart and Darling Downs in Queensland and Mortlake in Victoria.

Origin's Mt Stuart Peaking Power Station is located on the outskirts of Townsville in Queensland and is a kerosene-fired power station that we are currently expanding to a capacity of 414MW.

Darling Downs Power Station, when fully commissioned, will be Australia's largest combined cycle gas turbine power station in Australia, producing 630 MW.

Importantly, the emissions will represent approximately half those of a conventional black coal power station and will use approximately 3 per cent of the water consumed by a black coal power station.

All gas turbines have been installed; the pipeline from the CSG fields has been commissioned and the power station is expected to be fully commissioned in the latter half of the 2010 financial year.

Earlier in the year we commenced construction of the 550 MW Mortlake Power Station in Victoria.

The site has been prepared and the pipeline is well progressed in its construction. Earlier this week, the first of two 288 tonne turbines was delivered to the site. The expected completion of the power station will be late in 2010.

Energy Retailing is the largest segment in our business today. Notwithstanding challenging operating conditions our customer numbers remained steady across the year with only a small reduction in contribution when compared with the prior year.

Origin is Australia's second largest energy retailer in both electricity and gas with approximately 2.6 million customers across four States. We have expanded our leadership position as Australia's largest retailer of green energy with more than 500,000 green customers.

We note the intention of the NSW Government to commence the sale of its energy retailers as part of its Energy Reform agenda which represents a significant opportunity for Origin to increase retail market share in both the gas and electricity markets.

As part of our on-going commitment to improve customer service, we selected WIPRO to work with us on a project to transform Origin's Retail business processes.

We will transition to an integrated SAP billing and customer management platform and better utilise technology to meet our customer's needs.

Process improvement and business simplification activities have commenced and the delivery of the entire project will be completed over the next three years.

As part of the project a total of 158 Origin employees transferred to WIPRO during the period, with almost 100 more to transfer by December 2009.

As mentioned earlier, Contact Energy's performance was adversely impacted by high water inflows to the hydro system in conjunction with transmission constraints between the North and South Islands and lower demand which have substantially reduced demand for thermal generation.

Despite these adverse factors, Contact has preserved a strong financial position through a retail bond issue in New Zealand of \$550 million and implementation of a Profit Distribution Plan which has resulted in \$120 million being retained in the business. Both initiatives have been well supported by investors and as such Contact is able to fund continued growth in its business.

In order to help mitigate future transmission risks, Contact is progressing the development of a number of projects to enhance the flexibility of its generation portfolio.

Two of these projects include; the 200 MW Stratford gas-fired power station which provides additional flexibility through fast-start efficient gas turbines.

The second is the Ahuroa Gas Storage facility which provides additional flexibility by storing gas during periods of low demand for thermal generation. This project is being developed by Origin on behalf of Contact Energy.

As we look ahead, the recent passage of the Renewable Energy Target legislation will drive significant investment in renewables technologies and Origin has positioned itself to respond to the Renewable Energy Target with a portfolio of renewable energy supply, including wind, geothermal and solar.

Wind is currently the most cost effective large scale renewable technology available and Origin's modelling suggests that, should the RET requirement only be met by wind, over 6,000 MW of new wind capacity will need to be constructed in the market by 2020.

Origin has actively supported wind projects since early this decade by underwriting a number of wind farms with long term power purchase agreements - the 192 MW Waubra Wind Farm in Victoria is a recent example of this.

With higher renewable energy targets, Origin has secured an extensive portfolio of wind options with high capacity factors in good locations in NSW and Victoria to enable Origin to acquit its renewable energy obligations but their development will depend on a number of factors including demand, development of alternative technologies and availability of capital.

Today, Origin holds over 2,000 MW of wind farm development options including a 1,520 MW pipeline directly owned by Origin.

Origin has been a long time supporter and developer of emerging renewable technologies.

Hot rock geothermal power, developed at scale, could provide a superior long term solution to meeting the Renewable Energy Targets.

With respect to solar, Origin has invested in SLIVER solar photovoltaic technology that provides a long term solar opportunity.

Our current focus has now shifted to transitioning the manufacturing process to a larger silicon wafer platform, a change which will have a significant impact on SLIVER's economics and the ultimate commercialisation of the technology.

Work to commercialise the technology continues with a pilot plant now operational and pilot installations completed at a number of locations.

In the coming year, Origin has committed to a significant offshore exploration program targeting substantial gas reserves increases near domestic markets in Australia and New Zealand.

The initial program of five wells is expected to cost approximately \$100m however it is possible that some elements of this program may be unsuccessful and could result in a substantial write-off of exploration expense occurring in this year.

Drilling is currently underway in both the Bass Basin and the Otway Basin off the Victorian coast, and will occur during the year, in the Northland Basin off the north island of New Zealand.

Origin, as operator, will continue to manage the development of APLNG's CSG operations and, with the longest history of CSG production experience in Australia, we believe we are well placed to develop these resources.

APLNG joint venture between Origin and ConocoPhillips is working effectively towards the development of a CSG to LNG project in Queensland.

APLNG has secured a site for development of its LNG processing facility at Laird Point on Curtis Island in the Port of Gladstone. The project continues to target final investment decision by the end of 2010 with production commencing at the end of 2014.

Origin looks forward with confidence to the continuing development of this project, and the major opportunity it provides to increase Origin's earnings in the years ahead.

In concluding, it has certainly been an extraordinary - or as the Chairman has said, transformational - year for your Company.

We have been able to continue the growth and development of Origin, largely undisturbed by the difficult economic circumstances the world has faced in the past year.

We have the opportunities, the financial resources and most importantly the people to maintain that growth.

I would like to thank all my colleagues in Origin for their efforts over the past year and I am confident we will all continue to work very hard for you, our shareholders, in the years ahead.

Thank you.