

## Notice of Annual General Meeting

Dear Shareholder

The Annual General Meeting of Origin will be held in the Australia Ballroom, The Menzies Hotel, 14 Carrington Street, Sydney, New South Wales at 10.30am on Wednesday, 15 October 2008.

At the AGM, a number of items of business are to be put to you for approval. While there is a detailed explanation of each item in the Notice of Meeting which is attached, I would like to give you an introduction to the matters to help your understanding of what is being proposed and why.

### Business

**Item 1 is the consideration of the financial statements and reports.** This does not require a vote but shareholders can ask questions and make comment at the AGM or submit written questions before the meeting. We will endeavour to address those questions in the presentations to the meeting or provide a response to all shareholders after the meeting.

**Item 2 is the adoption of the Remuneration Report.** The Remuneration Report is submitted to shareholders for adoption. A copy of the Remuneration Report is attached to the Notice of Meeting to ensure that all shareholders have the opportunity to consider it when casting their vote.

**Item 3 is the re-election of myself and Bruce Beeren as directors.** We are retiring under the rotation provisions of the company's constitution and will present ourselves to you for re-election.

**Item 4 is the approval of an increase in the aggregate fee limit for non-executive directors.** Approval for an increase to the limit of \$1,600,000 to \$2,200,000 is sought. It is two years since an increase has been sought from shareholders during which time the company has grown in size and market capitalisation and the workload of directors correspondingly increased.

**Item 5 is the approval for the renewal of the proportional takeover provisions in the Constitution.** This special resolution is being put to shareholders to preserve their ability to vote upon proportional takeovers. This provision has been a feature of our constitution since before 2000 and has been put to shareholders for approval every two or three years. It is not related to the BG Group Takeover Offer (which is not a proportional takeover offer).

The Explanatory Notes attached to the Notice of Meeting contain a more detailed description of all of the items of business and you are encouraged to read them carefully.

### Attending the meeting or appointing a proxy

If you are able to attend the Meeting, please bring the form attached to this letter with you to facilitate your registration. The bar coding on the Appointment of Proxy will enable shareholders to be easily registered. Registration will be available from 9.30am and shareholders are encouraged to arrive before the starting time of 10.30am to avoid any last minute congestion.

If you are not able to attend the Meeting, you may wish to complete the attached Appointment of Proxy. Alternatively you can appoint your proxy on-line at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

Any corporate shareholder of Origin Energy Limited shares wishing to appoint a person to act as its representative at the meeting may do so by providing that person with a duly executed letter authorising him or her to do so.

## NOTICE OF ANNUAL GENERAL MEETING – CONTINUED

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### Shareholders' questions

If you have any written questions for Origin's external auditor KPMG to be answered at the AGM, you can submit these before the meeting, providing the question is relevant to the content of KPMG's audit report or the conduct of its audit of Origin's financial report for the year ended 30 June 2008.

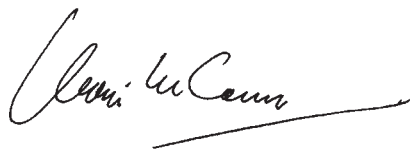
Written questions must be received no later than 5.00pm (Sydney time) on Wednesday 8 October 2008. A list of those relevant written questions will be made available to shareholders attending the AGM.

Any written questions to KPMG should be sent:

- To Link Market Services Limited at the address on the enclosed reply paid envelope;
- By facsimile to +61 2 9252 1566;
- To Origin at our registered office – Level 45 Australia Square, 264-278 George Street, SYDNEY NSW 2000; or
- By email to [investor.relations@originenergy.com.au](mailto:investor.relations@originenergy.com.au)

Any questions regarding the Annual General Meeting or the Appointment of Proxy should be directed to Link Market Services Limited on (02) 8280 7155 or 1300 664 446.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin McCann', with a long horizontal flourish extending to the right.

**Kevin McCann**  
Chairman  
Origin Energy Limited

**Notice is given that the Annual General Meeting of shareholders of Origin Energy Limited (“the Company”) will be held in the Australia Ballroom, The Menzies Hotel, 14 Carrington Street, Sydney, New South Wales at 10.30am on Wednesday, 15 October 2008.**

### Ordinary business

1. To receive and consider the Financial Statements of the Company and the entities it controlled during the year for the year ended 30 June 2008 and the reports of the Directors and Auditors thereon.
2. To adopt the Remuneration Report of the Company and the entities it controlled during the year for the year ended 30 June 2008.

*Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.*

### 3. To elect Directors

Bruce G Beeren and H Kevin McCann retire by rotation. Each of these Directors, being eligible, offer themselves for re-election. Details of their qualifications and experience and the recommendation of the Board are set out in the attached Explanatory Notes. Shareholders should note that a separate resolution will be put in relation to each of the candidates.

### Special business

#### 4. Increase in Non-Executive Directors’ fees

*Note: An explanation of the proposed resolution is set out in the accompanying Explanatory Notes.*

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

‘That the maximum sum of fees payable to the Non-Executive Directors of the Company and its unlisted subsidiaries be increased by \$600,000 to \$2,200,000 per annum.’

#### 5. Renewal of proportional takeover provisions

*Note: An explanation of the proposed resolution is set out in the attached Explanatory Notes.*

To consider and, if thought fit, pass the following resolution as a special resolution:

‘That the proportional takeover provisions contained in article 64 of the Constitution be renewed for a period of 3 years from the date of the meeting convened by this notice.’

### Voting exclusion

The Company will disregard any vote cast on Resolution 4 by any of the Directors and their associates.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. It is the intention of the Chairman of the Meeting acting as proxy to cast any such votes in favour of all of the resolutions.

By order of the Board



W M Hundy  
**Secretary**  
Sydney, 4 September 2008

### Notes

- (i) Pursuant to Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purpose of the meeting, all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 7.00pm (Sydney time) on Monday, 13 October 2008.
- (ii) A member has a right to appoint a person or body corporate as a proxy. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member’s votes each proxy is entitled to exercise. Where a shareholder appoints more than one (1) proxy, neither proxy is entitled to vote on a show of hands.
- (iii) If you appoint a body corporate as your proxy, the body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
  - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.
- (iv) A proxy need not be a member of the Company.
- (v) Details for completion and lodgement of proxies are on the reverse side of the Appointment of Proxy form. A proxy must be received by the Company’s share registry, Link Market Services Limited, by 10.30am on Monday, 13 October 2008. A proxy may be mailed to Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235, hand delivered to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW or sent by facsimile to Link Market Services Limited on (02) 9287 0309.

## EXPLANATORY NOTES

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

### 1. Receive and consider reports for year ended 30 June 2008

The Origin Energy Annual Report has been made available to shareholders and is published on the Company's website ([www.originenergy.com.au/investor](http://www.originenergy.com.au/investor)).

During this item of business there will be an opportunity for shareholders to comment on and ask questions about Origin's management, operations, financial position, business strategies and prospects.

### 2. Adoption of Remuneration Report

In accordance with Section 250R(2) of the Corporations Act 2001, the Remuneration Report is put to shareholders for adoption. The Remuneration Report is set out on pages 27 to 42 of the 2008 Annual Report and is attached to this Notice of Meeting. It is also available on Origin's website ([www.originenergy.com.au](http://www.originenergy.com.au)). The vote on this resolution is advisory only and does not bind the Directors or the Company. A reasonable opportunity for shareholders to ask questions about or comment on the Remuneration Report will be given at the meeting.

The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

### 3. Election of Directors

#### **Bruce G Beeren, Non-executive Director, Aged 59**

Bruce Beeren joined the Board as an executive director in March 2000. He retired from his position as executive director on 31 January 2005, and continues on the Origin Energy Board as a non-executive director. He is a member of the Audit, Remuneration and Nomination committees. With over 30 years experience in the energy industry, he was Chief Executive Officer of VENCORP, the Victorian gas system operator, when it was established in 1997 and held several senior management positions at AGL, including Chief Financial Officer and General Manager, AGL Pipelines. He is a director of Contact Energy (since October 2004), Coal & Allied Industries Limited (since July 2004) and Equipsuper Pty Limited (since August 2002). He is a former director of Envestra Limited (2000-2007) and Veda Advantage Limited (2004-2007). He has a Science degree, a Commerce degree and a Master of Business Administration, and is a fellow of CPA Australia and the Australian Institute of Company Directors.

Bruce Beeren's extensive energy industry experience and financial expertise has proven valuable, and he brings to the Board an understanding of the key issues that the Company faces.

#### **H Kevin McCann, Independent Non-executive Director, Aged 67**

Kevin McCann joined the Board as Chairman in February 2000. He is Chairman of the Nomination Committee and a member of the Audit, Remuneration, and Health, Safety and Environment committees. Kevin is Chairman of Healthscope Limited (since March 1994) and Sydney Harbour Federation Trust. He will retire as a director and Chairman of Healthscope Limited at the conclusion of its annual general meeting to be held on 17 October 2008. He is lead independent director of Macquarie Group Limited (joining the Board in August 2007); Independent Director of Macquarie Bank Limited (a director since December 1996) and a director of BlueScope Steel Limited (since May 2002). He practised as a commercial and corporate lawyer at Allens Arthur Robinson, a national law firm, for over 34 years. He was Chairman of Allen Allen & Hemsley and Allens Arthur Robinson for nine years. Kevin was previously Chairman of Triako Resources Limited (April 1999-September 2006). He is also a member of the Australian Takeovers Panel and the Council of the National Library of Australia. He has an Arts degree, a Law degree (Honours), a Masters in Law and is a fellow of the Australian Institute of Company Directors.

His community activities include the Chair of the Development Council National Library of Australia. His extensive legal and commercial expertise, particularly in the resources industry, and his experience as a director of successful Australian companies together with service on State and Commonwealth authorities has been valuable to the Origin Energy Board, and in his role as Chairman.

#### **Directors' recommendation**

The Board, other than the Directors concerned, have reviewed the performance of the Directors standing for re-election. The review included consideration of the expertise, skill and experience of the Directors and their performance and contribution to the work of the Board over their term of office. The Board found that Mr Beeren and Mr McCann have performed well and continue to make valuable contributions to the Board. The Board concluded that the Directors should be proposed for re-election and accordingly recommend that you vote in favour of their re-election.

## Resolution 4 – Increase in Non-Executive Directors' fees

An increase in the maximum annual aggregate limit of fees that can be paid to non-executive Directors is sought from the existing limit of \$1,600,000 to a new limit of \$2,200,000. It is necessary to increase the limit which was approved in October 2006 to enable the company to pay directors in accordance with market rates for a company of Origin's size and complexity, to adequately compensate directors for their increased workload and to allow for the appointment of additional Directors.

### Workload of Directors

The workload of Origin directors has increased since the last increase was approved in 2006. The number of Board and Committee meetings held each year has increased significantly since then. In the past year a total of 23 board meetings were held comprising 12 unscheduled board meetings in addition to 11 scheduled meetings. There were 14 meetings of the committees of the board. This compares to 15 board meetings and 14 committee meetings in the year ended 30 June 2006.

In addition, demands on directors of listed companies under the law, from regulators and through community expectations, have continued to increase. In response to these demands and due to the significant continuing growth of Origin, the responsibilities and time commitment of the non-executive directors have grown. This will continue with the challenges of climate change and the ever increasing regulatory and corporate governance challenges.

### Additional Directors

The growth of Origin has placed increasing demands upon directors. The board has sought to recruit new skills and experience to the board to meet these demands and has determined that at least one new director should be appointed in the coming year. The new limit will allow the Company to appoint at least one new Director and pay fees at levels that are comparable to companies of Origin's size and complexity.

### Maintenance with Market Rates

Since the last increase was approved at the 2006 AGM, Origin has grown significantly:

- EBITDAF has increased from \$1,076 million to \$1,309 million per annum
- underlying profit has grown from \$ 338 million to \$443 million per annum;
- underlying basic annual earnings per share have moved from 42.7 cents to 50.6 cents per annum;
- total assets have expanded from \$8.7 billion to \$12.6 billion.

During the year, the level of directors' fees was reviewed externally to determine whether non-executive Directors were being remunerated at market rates for a company of Origin's size and complexity. The external review undertook a comparison of a group of 20 listed companies that were comparable to Origin in market capitalisation. The fee levels were also compared to broader market data of the companies listed on the ASX with market capitalisation of \$10 billion or greater.

As a result of this review it was found that an increase in fees was appropriate to maintain the fees in the mid-point between the 50th and the 75th percentile within those comparator groups which are consistent with Origin's size and complexity as at 30 June 2008.

These revised fee structure and the comparison to the previous year is as follows:

YEAR ENDING 30 JUNE	2008	2009
<b>Board Fees</b>		
Chairman	\$430,000 <sup>(1)</sup>	\$570,000 <sup>(1)</sup>
Member	\$138,000	\$160,000
<b>Committee Fees</b>		
<i>Audit</i>		
Chairman	\$50,000	\$55,000
Member	\$24,000	\$28,000
<i>Remuneration</i>		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
<i>Health, Safety &amp; Environment</i>		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
<i>Nomination</i>		
Chairman & Members	\$0	\$0

<sup>(1)</sup> *The Chairman is a member of all Board Committees and receives no additional fees for attendance at those meetings.*

Total fees paid to non-executive directors amounted to \$1,489,827 during 2007/08. This included additional fees of \$120,000 which were paid for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional unscheduled Board meetings during the year.

Revised base fees to be paid during 2008/09 are expected to total \$1,632,000. Should approval for the increase not be given, the proposed payments would be reduced to ensure that the aggregate fees paid remain within the existing approved limit.

A review of non-executive Directors' fees is undertaken annually and the next review of fees will be undertaken as at 30 June 2009 according to appropriate market data.

### All Directors entitlements are included in the annual aggregate fee limit

All fees and other benefits, including contributions to superannuation and fees for additional services are paid within the approved annual aggregate fee limit. There are no termination payments to Non-Executive directors on their retirement from office other than payments relating to their accrued superannuation entitlements comprising part of their remuneration.

### Recommendation

As the non-executive Directors Kevin McCann, Trevor Bourne, Helen Nugent, Roland Williams, Bruce Beeren and Gordon Cairns are personally interested in this resolution they make no recommendation to shareholders.

Executive Director Grant King recommends the approval of the resolution based on the need to attract and retain qualified non-executive Directors and having regard to the increased duties and responsibilities being imposed on those Directors.

### **Resolution 5 – Renewal of proportional takeover provisions in Constitution**

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in general meeting approving the offer.

At the Annual General Meeting of the Company held on 20 October 2005 shareholders voted in favour of inserting such a provision. The provision (Article 64) ceases to have effect on the third anniversary of its adoption. The Directors consider that it is appropriate to renew the article this year for a further term of three years.

#### **Proportional takeover bids**

A proportional takeover bid is an off-market takeover offer sent to all shareholders but only in respect of a specified portion of each shareholder's shares in the Company (ie less than 100%). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of the shareholder's shares in the company and retain the balance of the shares.

#### **Effect of proposed proportional takeover provision**

The effect of the Article 64 is that if a proportional takeover bid is made to shareholders, the Directors are obliged to convene a meeting of shareholders to be held 15 days or more before the offer closes. The purpose of the meeting is to vote upon a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect means that, shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of shares resulting from that proportional takeover bid are prohibited and the offer is deemed by the Corporations Act to have been withdrawn.

The renewed Article 64 will expire three years after its adoption unless renewed by a further special resolution of shareholders.

A proportional takeover provision does not apply to full takeover bids.

#### **Reasons for proposing the resolution**

The Directors consider that shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without shareholders having the opportunity of disposing of all their shares. Shareholders could be at risk of passing control to the offeror without payment of an adequate control premium for all their shares whilst leaving themselves as part of a minority interest in the Company.

The renewed Article 64 can prevent this occurring by giving shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

#### **Presently proposed acquisitions**

As at the date of these Explanatory Notes, the Directors of the Company are not aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company other than a full takeover proposal announced by BG Group plc on 24 June 2008 and Replacement Bidder Statement dated 30 July 2008. This proposal has not influenced the decision of the Board to propose this resolution.

#### **Potential advantages and disadvantages for the Directors and shareholders**

The Directors consider that it is a potential advantage to all shareholders that they have the opportunity to consider and vote upon any proposed proportional takeover bid. For a proportional takeover bid to be approved, it must be approved by more than half of the shares voted at the meeting excluding the shares of the offeror and its associates, and accordingly the existence of the Article is likely to cause an intending offeror to formulate its offer in a way that would be attractive to a majority of shareholders. It may also have the effect of not allowing control of the Company to pass without payment of a control premium.

The Directors consider that it would be an advantage to them to have the opportunity to ascertain the views of shareholders on any proportional takeover bid.

As to the possible disadvantages of such an Article, it may be perceived by some shareholders that its presence makes a proportional takeover bid less likely to succeed and that therefore the chances of receiving an opportunity to dispose of part of their shares would be reduced because potential offerors may be discouraged from making a proportional takeover bid. This may be thought to potentially remove or reduce any speculative element of the market price of the Company's shares arising from the possibility of a proportional takeover bid. Some shareholders may consider the presence of the Article to be an additional restriction on the ability of individual shareholders to deal freely with their shares.

During the period in which the previous proportional takeover provision was in effect, the advantages and disadvantages set out above have applied.

#### **Directors' recommendation**

The Directors recommend that shareholders approve the renewal of Article 64 of the Constitution and vote in favour of the resolution.

# REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

## Contents

<p><b>1. Board oversight of remuneration</b> <span style="float: right;"><b>7</b></span></p> <p>1.1 Remuneration Committee <span style="float: right;">7</span></p> <p>1.2 Remuneration advice <span style="float: right;">7</span></p> <p><b>2. Overview of company performance and remuneration</b> <span style="float: right;"><b>8</b></span></p> <p><b>3. Executive Director and Executive remuneration</b> <span style="float: right;"><b>9</b></span></p> <p>3.1 Remuneration objective <span style="float: right;">9</span></p> <p>3.2 Executive remuneration structure <span style="float: right;">9</span></p> <p>3.3 Determining remuneration levels <span style="float: right;">9</span></p> <p>3.4 Linking pay with performance <span style="float: right;">9</span></p> <p style="padding-left: 20px;">3.4.1 Short-term incentives <span style="float: right;">9</span></p> <p style="padding-left: 20px;">3.4.2 Long-term incentives <span style="float: right;">9</span></p> <p>3.5 Contractual arrangements of executive directors and senior executives <span style="float: right;">11</span></p> <p style="padding-left: 20px;">3.5.1 Managing Director <span style="float: right;">11</span></p> <p style="padding-left: 20px;">3.5.2 Senior executives <span style="float: right;">11</span></p> <p><b>4. Employee retention plans</b> <span style="float: right;"><b>12</b></span></p> <p><b>5. Employee share plan</b> <span style="float: right;"><b>12</b></span></p> <p><b>6. Non-executive director remuneration</b> <span style="float: right;"><b>12</b></span></p> <p>6.1 Policy <span style="float: right;">12</span></p> <p>6.2 Non-executive director fee structure <span style="float: right;">12</span></p>	<p><b>7. Director and key management personnel remuneration and other disclosures</b> <span style="float: right;"><b>13</b></span></p> <p>7.1 Key management personnel <span style="float: right;">13</span></p> <p>7.2 Compensation table <span style="float: right;">14</span></p> <p>7.3 Equity instruments <span style="float: right;">18</span></p> <p style="padding-left: 20px;">7.3.1 Equity hedging policy <span style="float: right;">18</span></p> <p style="padding-left: 20px;">7.3.2 Value of options granted, exercised and lapsed <span style="float: right;">18</span></p> <p style="padding-left: 20px;">7.3.3 Options and rights over equity instruments granted as compensation <span style="float: right;">19</span></p> <p style="padding-left: 20px;">7.3.4 Exercise of options granted as compensation <span style="float: right;">19</span></p> <p style="padding-left: 20px;">7.3.5 Options and rights holdings <span style="float: right;">20</span></p> <p style="padding-left: 20px;">7.3.6 Equity holdings and transactions <span style="float: right;">21</span></p> <p style="padding-left: 20px;">7.3.7 Vesting profile <span style="float: right;">22</span></p> <p><b>Remuneration report</b></p> <p>The report is presented in seven sections:</p> <p><b>Section 1:</b> Board oversight of remuneration;</p> <p><b>Section 2:</b> Overview of company performance and remuneration;</p> <p><b>Section 3:</b> Executive Director and Executive remuneration;</p> <p><b>Section 4:</b> Employee Retention Plan;</p> <p><b>Section 5:</b> Employee Share Plan;</p> <p><b>Section 6:</b> Non-Executive Director remuneration; and</p> <p><b>Section 7:</b> Director and key management personnel remuneration disclosures</p>
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## 1. Board oversight of remuneration

### 1.1 Remuneration Committee

The Board Remuneration Committee is responsible for making recommendations to the Board on director and senior executive remuneration policy and structure. The composition and functions of the Remuneration Committee are set out in the Remuneration Committee Charter, which is available in full on the Company's website [www.originenergy.com.au](http://www.originenergy.com.au).

### 1.2 Remuneration advice

During the year, the Board obtained remuneration advice and services from:

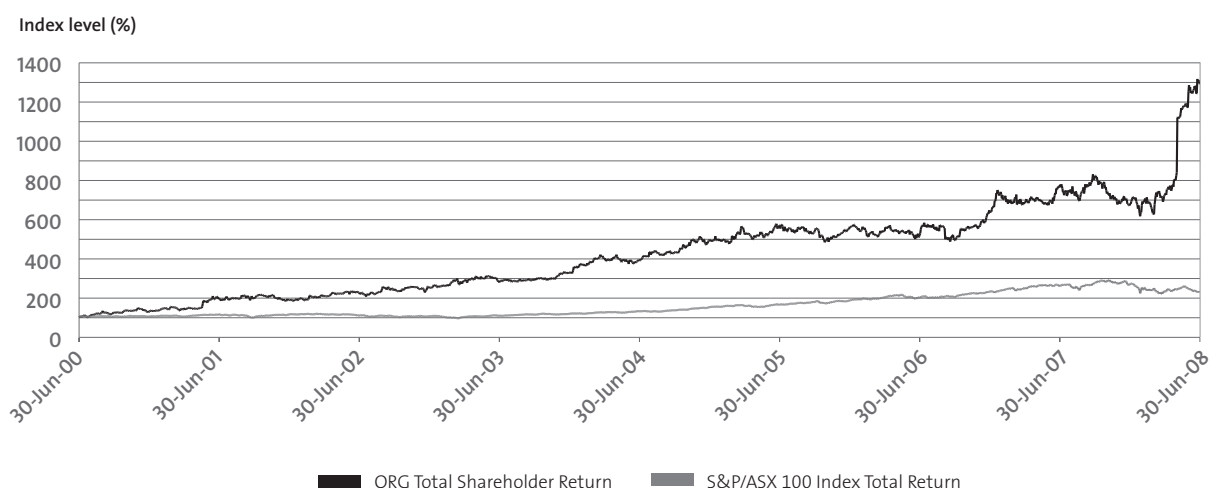
ADVISOR	SERVICES PROVIDED
Mercer	Actuarial assessment of executive superannuation defined benefits Executive and employee compensation and benchmarking advice Valuation of long-term incentives Non-executive director remuneration advice
The Hay Group	Executive and employee compensation and benchmarking advice
Guerdon Associates	Executive performance measures, remuneration mix, remuneration levels, benchmarking advice
Godfrey Remuneration Group	Non-executive director remuneration data
Ernst & Young	Provision of executive remuneration market data

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 2. Overview of company performance and remuneration

From 1 July 2004 to 30 June 2008, Origin Energy's compound total shareholder return was 34% per annum. This was significantly above the ASX 100 Accumulation Index, which grew by an average of 15% per annum over the same period. The graph below compares Origin Energy's total shareholder return performance with the ASX 100 Accumulation Index (indexed to 100 on 21 February 2000) to 30 June 2008.

#### Origin Energy Total Shareholder Return vs ASX 100 Total Return (indexed to 100 from 21/02/2000)



Source: Guerdon Associates, Bloomberg

The following table outlines Origin Energy's net profit after tax, earnings per share, dividends and share-price growth from June 2005:

30 JUNE	2005 <sup>(1)</sup>	2006	2007	2008	AVERAGE ANNUAL INCREASE %
<b>EARNINGS</b>					
Net profit after tax	\$266m	\$332m	\$457m	<b>\$517m</b>	25
Earnings per share	34.9c	41.9c	54.7c	<b>59.0c</b>	19
Underlying profit	\$266m	\$338m	\$370m	<b>\$443m</b>	19
Underlying earnings per share – basic	34.9c	42.7c	44.3c	<b>50.6c</b>	13
OCAT ratio <sup>(2)</sup>	12.9%	15.0%	13.7%	<b>12.3%</b>	
<b>TOTAL SHAREHOLDER RETURNS</b>					
Dividends	15.0c	18.0c	21.0c	<b>25.0c</b>	19
Share price 30 June	\$7.61	\$7.36	\$9.94	<b>\$16.12</b>	31
Annual shareholder return	42%	-1%	38%	<b>66%</b>	

<sup>(1)</sup> 2005 amounts reflect previous AGAAP and have not been restated under IFRS.

<sup>(2)</sup> Operating Cashflow After Tax over funds employed excluding capital work in progress.

### **3. Executive Director and Executive remuneration**

#### **3.1 Remuneration objective**

Origin Energy's remuneration objective is to attract, retain and motivate employees to deliver superior performance that is aligned with shareholders' interests and is consistent with the Company's commitments, principles and values.

#### **3.2 Executive remuneration structure**

Remuneration of executives is structured in two parts:

- Fixed remuneration
- At-risk remuneration

Fixed remuneration varies according to the size of the individual's role, their performance and experience, having regard to the market median for comparable positions.

At-risk remuneration is provided through short-term incentives and long-term incentives. The level of at-risk remuneration is set by reference to competitive remuneration benchmarks, and the amount awarded is linked to meeting company, business unit and personal financial and non-financial objectives.

#### **3.3 Determining remuneration levels**

Origin Energy's remuneration is competitively benchmarked to ensure that valued employees are attracted and retained.

- Remuneration is benchmarked against 20 large energy and utility companies and an 'all industries' group of over 300 companies. Using these comparison companies as a fair representation of the market, the median level is applied as the benchmark for fixed pay, while the top quartile level is the benchmark for aggregate remuneration (ie fixed plus at-risk remuneration) for better-than-targeted performance.
- In a tight labour market which has known skills shortages or 'hotspots' in business critical areas of the Company, benchmarks which specifically compare Origin Energy to those 'hotspot' markets (rather than the general market) are used to ensure that remuneration remains competitive.

#### **3.4 Linking pay with performance**

- The proportion of total remuneration that is 'at-risk' increases with job size and the employee's capacity to impact business performance.
- Performance measures for short-term incentives are based around total company, business unit and individual performance.
- Long-term incentives are designed to encourage sustainability of performance in the medium to longer term. Performance for long-term incentives is assessed over periods of between three and five years. Executives are prohibited from entering into hedging arrangements that may limit the downside risk of any unvested equity-based incentives.
- While the performance measures for at-risk pay are heavily oriented to financial performance, some non-financial performance metrics are included to ensure long-term sustainable performance. These measures include critical aspects such as people management, safety performance and project delivery.

- The predominant performance measure for short-term incentives is the company's operating-cash-flow-after-tax over funds-employed ratio.
- The long-term incentive plan provides equity-based remuneration which vests subject to Origin Energy's relative total shareholder return performance.

#### **3.4.1 Short-term incentives**

Short-term incentives are provided in cash. Payment depends on achieving operating and financial targets set at the beginning of each year.

Senior executives receive short-term incentives varying from a maximum of 55% to 85% of fixed remuneration. The Managing Director has an annual short-term incentive of up to 100% of fixed remuneration. The Managing Director's fixed remuneration for the financial year to 30 June 2009 has been set by the Board at \$2,100,000.

60% of the Managing Director's short-term incentive is based on performance relative to corporate financial targets. 40% of his short-term incentive is based on non-financial objectives. Both the financial and non-financial objectives are set by the Board when Budgets are approved. For senior executives reporting to the Managing Director, at least 33% of the short-term incentives are based on performance relative to corporate financial targets. The balance is paid on a mix of financial and operating targets relevant to their individual areas of responsibility.

Short-term incentives can be reduced if safety performance targets are not achieved.

#### **3.4.2 Long-term incentives**

Long-term incentive grants are made to executives as a reward for their performance during the year and as an incentive for future performance.

For senior executives, annual long-term incentives vary from maximums of 40% to 85% of fixed remuneration. For the Managing Director, the Board decides the number of options and performance share rights to be offered as his long-term incentive based on his performance over the preceding year and within the limits approved by shareholders.

Long-term incentives granted in September 2007 were divided between share options and performance share rights over ordinary Origin Energy Limited shares. The number of options and performance share rights granted to each executive is calculated by dividing the value of the long-term incentive award for the executive by the fair market value of the options and performance share rights estimated for the grant date in accordance with applicable accounting standards.

Options and performance share rights vest only to the extent that the performance hurdle is satisfied. On vesting, options and rights become exercisable, which means executives have the right to acquire an Origin Energy share by paying the option exercise price or at no cost for rights. The performance hurdle is linked to Total Shareholder return (TSR). For more detail of vesting see section 3.4.2.4 below.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 3.4.2.1 Senior Executive Option Plan

Shareholders approved the Senior Executive Option Plan in 1995. Under the plan, the Directors grant executives options over ordinary Origin Energy shares at an exercise price equal to the volume-weighted average market price for Origin Energy shares in the five days leading up to, and including, the grant date.

Terms and performance conditions for the Senior Executive Option Plan are outlined in section 3.4.2.4.

Details of options issued to the specified senior executives over the year are detailed in the tables on pages 18 and 19.

### 3.4.2.2 Performance Share Rights Plan

The Performance Share Rights Plan was introduced on 1 July 2007. The terms and performance conditions for this plan are outlined in section 3.4.2.4.

Subject to the satisfaction of the performance hurdles, performance share rights may be exercised at any time after the third anniversary of the date they are granted and before they expire. Executives are not required to pay for the rights or pay to receive shares after the rights vest.

Details of performance share rights issued to the specified senior executives over the year are detailed in the tables on pages 18 and 19.

### 3.4.2.3 Table of options and rights

Table 1A

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	PERCENTAGE EXERCISABLE
1,599,000	\$4.15	19 December 2006	19 December 2008	Yes	1,599,000	100%
775,000	\$5.98	6 August 2007	6 August 2009	Yes	775,000	100%
1,517,200	\$5.72	26 November 2007	26 November 2009	Yes	1,517,200	100%
100,000	\$6.75	20 May 2008	20 May 2010	Yes	100,000	100%
2,648,000	\$7.21	7 September 2008	7 September 2010	Yes	2,648,000	100%
2,762,000	\$6.50	11 September 2009	11 September 2011	Yes	2,762,000	100%
50,000	\$8.97	26 June 2010	26 June 2012	Yes	50,000	100%
300,000	\$10.32	28 September 2010	28 September 2012	Yes	300,000	100%
100,000	Nil	28 September 2010	28 September 2012	Yes	100,000	100%

Table 1B

NUMBER OF OPTIONS AND RIGHTS OUTSTANDING	EXERCISE PRICE	FIRST EXERCISE DATE	EXPIRY DATE	VESTED	NUMBER EXERCISABLE	TOTAL SHAREHOLDER RETURN PERFORMANCE AGAINST REFERENCE GROUP AS AT 30 JUNE 2008 <sup>(1)</sup>	INDICATED PERCENTAGE EXERCISABLE <sup>(2)</sup>
544,000	Nil	28 September 2010	28 December 2012	No	Nil	97%	100%
100,000	Nil	14 November 2010	14 February 2013	No	Nil	97%	100%
1,649,000	\$10.32	28 September 2010	28 December 2012	No	Nil	97%	100%

<sup>(1)</sup> The performance conditions are described in section 3.4.2.4.

<sup>(2)</sup> The indicated percentage exercisable is calculated by comparing Origin Energy's TSR to the relevant reference group and applying the performance conditions described in section 3.4.2.4 as at 30 June 2008. The number of options and rights that become exercisable will be determined at the test date and may be different from that indicated here.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 3.4.2.4 Long-term incentive performance conditions

The following conditions apply to options issued to senior executives in respect of the 2005/06 and prior years and options and performance share rights issued to the Managing Director in September 2007 (as approved by shareholders in October 2006) as set out in Table 1A above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition'), at any time after the third anniversary and prior to the fifth anniversary of the grant date.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  - if a person acquires or gives notice of a proposal to acquire more than 20% of the shares in Origin Energy
  - on termination of employment due to death or permanent disability
  - on termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse after six months if an executive resigns, immediately in the event of termination for cause and if not exercised before expiry.

The announcement by BG Group of a proposal to acquire Origin Energy on 29 April 2008 brought forward the first exercise date of these options and performance share rights and, as a result of their meeting the performance hurdles, they have vested and have become fully exercisable.

The following conditions apply to all options and performance share rights issued to senior executives in respect of 2006/07 and following years, other than those issued to the Managing Director in September 2007 in accordance with the shareholder approval obtained at the 2006 AGM, as set out in Table 1B above:

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the 'Reference Group') ranked by their TSR performance ('the minimum condition') as measured at each of the third, fourth and fifth anniversaries of the grant of the options ('the testing dates'), and with TSR calculated on three-month volume weighted average prices.
- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years and three months from the date they are granted.

- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
  - On a person acquiring more than 20% of the voting shares in Origin Energy by takeover or in circumstances where the Board determines the options or rights should vest;
  - On termination of employment due to death or permanent disability; and
  - On termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse if an executive resigns (after six months), in the event of termination for cause (immediately), and if not exercised before expiry.

A full list of the Reference Groups is available on the Company's website [www.originenergy.com.au](http://www.originenergy.com.au).

### 3.5 Contractual arrangements of executive directors and senior executives

#### 3.5.1 Managing Director

Managing Director, Mr Grant King, has an employment contract that will expire on 30 June 2009, unless terminated earlier or renewed. If at the end of term, the contract has not been terminated or renewed, the contract continues terminable by either party on six months' notice.

Origin Energy may terminate Mr King's appointment without cause with 12 months' notice or payment in lieu, including payment of short-term incentive potential, in addition to his statutory entitlements. If Mr King is terminated for unsatisfactory performance he is entitled to a maximum payment of 12 months of fixed remuneration, inclusive of six months' notice or payment in lieu, with no payment of short-term incentives.

Mr King may terminate the appointment by giving 12 months' notice of resignation or the Company may, at its option, pay him 12 months' fixed remuneration in lieu.

In the event of extended illness, Mr King may resign or the Company may terminate his appointment with six months' notice or at its option pay six months' fixed remuneration in lieu with payment of unpaid short-term incentives.

The Company may terminate Mr King's appointment immediately for cause with payment of accrued entitlements only.

#### 3.5.2 Senior executives

Senior executives have no fixed term of employment.

In the event of termination without cause, senior executives are entitled to a notice period of up to three months or payment in lieu plus a severance payment equivalent to three weeks of fixed remuneration per year of service, to a maximum of 74 weeks' entitlement, and a minimum may also apply (generally 18-22 weeks).

Senior executives who resign must provide up to three months' notice or the Company may at its option pay them up to three months' fixed remuneration in lieu. In certain circumstances, primarily redundancy, senior executives may also be entitled to receive pro-rata portions of at risk remuneration for the year during which termination occurs.

The Company may terminate executives immediately with cause with payment of statutory entitlements only.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

Details of the nature and amount of each element of the emoluments of the Managing Director and the specified senior executives of the Company receiving the highest emoluments during the year are set out on pages 14 and 15.

### 4. Employee retention plans

The company has retention plans in place that have been implemented over the last two years to reduce the risk of loss of employees who manage critical activities or who occupy roles that are key to the delivery of operating or strategic objectives. Demand for these specialist roles is very high in the current climate. The plans allow for the key employees to be paid a cash retention payment provided that they remain in employment to a nominated date (generally 31 December 2009) and achieve personal performance targets. The plans currently in place cover approximately 250 employees. Payments may also be made under the plans where the company makes an eligible employee redundant prior to the nominated date, however there is no requirement that a payment be made to an eligible employee on a change of control of the company.

### 5. Employee share plan

All employees (other than executive directors) with more than one year of service are eligible to participate in the Employee Share Plan. The plan provides for the award of up to \$1,000 of shares in Origin if the company meets specified financial and safety targets set by the Board. Shares awarded under the plan are bought on-market. To be eligible to receive shares, annual performance measures which relate to targeted areas of company-wide performance must be achieved. For example, the 2006/07 award was set entirely on safety performance targets. Shares awarded under the Plan must be held for at least three years following award or until the employee ceases employment.

The safety target for the year ended 30 June 2008 has been fully met and the company is committed to awarding \$1,000 of shares to approximately 2,400 eligible employees (or pro rata amount for eligible part time employees). It is proposed that the company will acquire the requisite shares for transfer or issue new shares to employees to meet this commitment during September 2008 subject to compliance with applicable laws.

### 6. Non-executive director remuneration

#### 6.1 Policy

Non-executive directors are remunerated by way of base fees and committee fees (inclusive of superannuation). They can elect to receive this in the form of participation in the shareholder-approved Non-Executive Directors' Share Plan. The level of fees paid is based on the scope of director responsibilities and the size and complexity of the Origin Energy Group.

The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Origin Energy Board. A review of director remuneration at 20 ASX-listed companies of comparable market capitalisation to Origin Energy in 2007-08 determined that fees paid to Origin Energy non-executive directors were below market levels and increases were made and approved for the year ending 30 June 2009.

The table below shows the structure of non-executive director fees and the new fees for the year ending 30 June 2009.

#### 6.2 Non-executive director fee structure

YEAR ENDING 30 JUNE	2008	2009
<b>Board fees</b>		
Chairman	\$430,000 <sup>(1)</sup>	\$570,000 <sup>(1)</sup>
Member	\$138,000	\$160,000
<b>Committee fees</b>		
<b>Audit</b>		
Chairman	\$50,000	\$55,000
Member	\$24,000	\$28,000
<b>Remuneration</b>		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
<b>Health, Safety &amp; Environment</b>		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
<b>Nomination</b>		
Chairman and members	\$0	\$0

<sup>(1)</sup> Fee paid to the Chairman for the year includes all committee fees.

Total fees paid to non-executive directors amounted to \$1,489,827 during 2007/08. This is below the aggregate limit of annual non-executive directors' fees approved by shareholders in accordance with the requirements of Origin Energy's Constitution. Fees paid to non-executive directors during the year are listed in the table on pages 14 and 15. The fees paid were in line with the structure presented in the Remuneration Report in 2007. Additional fees of \$120,000 were paid to non-executive directors for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional Board meetings during the year. The annual aggregate limit for fees paid to non-executive directors, set by shareholders in October 2006, is \$1,600,000. Fees to be paid during 2008/09 are expected to be \$1,632,000.

As a result of the review of Directors' fees, the aggregate fee limit is required to be increased to enable the payment of fees at market rates for existing directors and to enable the appointment of additional non-executive directors during the coming year. An increase in the aggregate fee limit to \$2,200,000 will be proposed for shareholder approval at the annual general meeting on 15 October 2008. Should approval for the increase not be given, the proposed payments would be reduced to ensure that aggregate fees paid remain within the existing approved limit.

Under the Non-Executive Directors' Share Plan, from 1 July 2006, non-executive directors are required to sacrifice 25% of their gross fees until they hold a minimum of 20,000 Origin Energy shares. These shares are acquired on-market by the Trustee of the Plan to be held for participating non-executive directors. All of the non-executive directors currently hold shares in the Plan. The Trustee of the Plan may transfer to a non-executive director a share acquired under the Plan after five years or upon retirement from office or death of the non-executive director.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 7. Director and key management personnel remuneration and other disclosures

#### 7.1 Key management personnel

The directors of Origin Energy Limited during the financial year ended 30 June 2008 were:

NAME	POSITION	DATE APPOINTED
<b>Non-executive directors</b>		
H Kevin McCann	Independent Chairman	February 2000
Bruce G Beeren	Director	January 2005*
Trevor Bourne	Independent Director	February 2000
Helen M Nugent	Independent Director	March 2003
J Roland Williams	Independent Director	February 2000
Gordon M Cairns	Independent Director	June 2007
<b>Executive director</b>		
Grant A King	Managing Director	February 2000

\* Bruce Beeren was an executive director from March 2000 to January 2005.

Those with authority and responsibility for planning, directing and controlling activities of Origin Energy Limited and its controlled entities during the financial year ended 30 June 2008 were:

NAME	CURRENT POSITION	DATE OF ORIGINAL APPOINTMENT
Karen A Moses	Chief Operating Officer, Australia	February 2000
Andrew M Stock	Executive General Manager, Major Development Projects	February 2000
Frank G Calabria	Chief Financial Officer	November 2001
Robbert J Willink	Executive General Manager, Exploration	February 2000
David Baldwin	Chief Executive Officer, Contact Energy	May 2006

The remuneration and other related party disclosures included in this Remuneration Report were prepared in accordance with AASB 124: Related Party Disclosures. For the purposes of these disclosures, all the individuals above are determined to be 'key management personnel', as defined by the Accounting Standard.

The persons identified above as 'key management personnel' include the five highest remunerated company executives and relevant group executives.

The term 'remuneration' used in this Remuneration Report has the same meaning as the alternative term 'compensation', as defined in AASB 124: Related Party Disclosures.

#### 7.1.1 Loans and other transactions with key management personnel

There were no loans and other transactions with key management personnel during the year ended 30 June 2008.

# REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

## 7.2 Compensation table

Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2008

NAME	SHORT-TERM BENEFITS					TOTAL (\$)	SUPERANNUATION (\$)
	FIXED REMUNERATION (\$)	VARIABLE REMUNERATION <sup>(1)</sup> (\$)	NON-MONETARY BENEFITS <sup>(2)</sup> (\$)	INSURANCE PREMIUMS (\$)			
<b>Director</b>							
<b>Non-executive</b>							
H Kevin McCann	436,848	–	–	138	436,986		13,152
Bruce G Beeren	198,347	–	3,501	138	201,986		13,152
Trevor Bourne	158,167	–	–	138	158,305		45,833
Helen M Nugent	154,937	–	–	138	155,075		25,491
J Roland Williams	169,500	–	–	138	169,638		13,152
Gordon M Cairns	143,000	–	–	138	143,138		11,070
<b>Executive</b>							
Grant A King	1,800,000	1,800,000	4,800	1,975	3,606,775		100,000
<b>Executives</b>							
Karen A Moses	970,000	816,000	4,800	1,975	1,792,775		40,000
Andrew M Stock	568,500	445,000	3,733	1,975	1,019,208		100,000
Frank G Calabria	622,000	447,000	4,800	1,975	1,075,775		50,000
Robbert J Willink	449,929	235,000	2,497	1,975	689,401		122,215
David Baldwin <sup>(7)</sup>	624,354	399,242	–	–	1,023,596		–
<b>Total<sup>(8)</sup></b>	<b>6,295,582</b>	<b>4,142,242</b>	<b>24,131</b>	<b>10,703</b>	<b>10,472,658</b>		<b>534,065</b>

<sup>(1)</sup> Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2007/08. The short-term incentive bonus is for performance during 2007/08, using the criteria set out on page 9. The amount was determined on 11 August 2008, after performance reviews and approved by the Remuneration Committee.

<sup>(2)</sup> Non-monetary benefits covers reportable fringe benefits and exempt benefits

<sup>(3)</sup> For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 12.

<sup>(4)</sup> Retirement benefits have been paid out over two prior periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.

<sup>(5)</sup> The fair value of the options and rights is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period. In valuing the options and rights, market conditions have been taken into account.

<sup>(6)</sup> Refers to Options issued to Bruce G Beeren in August 2004 while he was an executive director, and approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.

<sup>(7)</sup> David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of \$1.1612 at 30 June 2008.

<sup>(8)</sup> All key management personnel are employed and remunerated by the Company.

<sup>(9)</sup> Share options and restricted shares issued by Contact Energy Limited.

**REMUNERATION REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

POST-EMPLOYMENT BENEFITS			OTHER LONG- TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL	PROPORTION OF REMUNERATION PERFORMANCE RELATED (%)	VALUE OF OPTIONS AND RIGHTS AS PROPORTION OF REMUNERATION (%)
NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS <sup>(3)</sup>	ACCRUED RETIREMENT BENEFITS <sup>(4)</sup>	TOTAL	ACCRUED LONG-SERVICE LEAVE	TERMINATION PAY	OPTIONS AND RIGHTS <sup>(5)</sup>			
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)		
–	–	13,152	–	–	–	450,138	–	–
–	–	13,152	–	–	14,775 <sup>(6)</sup>	229,913	–	–
–	–	45,833	–	–	–	204,138	–	–
36,238	–	61,729	–	–	–	216,804	–	–
36,681	–	49,833	–	–	–	219,471	–	–
29,930	–	41,000	–	–	–	184,138	–	–
–	–	100,000	134,441	–	1,057,216	4,898,432	58	22
–	–	40,000	57,687	–	436,344	2,326,806	54	19
–	–	100,000	78,236	–	267,436	1,464,880	49	18
–	–	50,000	14,985	–	215,910	1,356,670	49	16
–	–	122,215	64,001	–	139,507	1,015,124	37	14
–	–	–	–	–	258,353 <sup>(9)</sup>	1,281,949	51	20
<b>102,849</b>	<b>–</b>	<b>636,914</b>	<b>349,350</b>	<b>–</b>	<b>2,389,541</b>	<b>13,848,463</b>		

# REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

## Remuneration of key management personnel, directors and other named executives – For the year ended 30 June 2007

NAME	SHORT-TERM BENEFITS					POST-EMPLOYMENT BENEFITS	
	FIXED REMUNERATION (\$)	VARIABLE REMUNERATION <sup>(1)</sup> (\$)	NON-MONETARY BENEFITS (\$)	INSURANCE PREMIUMS (\$)	TOTAL (\$)	SUPERANNUATION (\$)	NON-EXECUTIVE DIRECTORS' SHARE PLAN BENEFITS <sup>(2)</sup> (\$)
<b>Director</b>							
<b>Non-executive</b>							
H Kevin McCann	281,534	–	–	151	281,685	23,662	84,804
Bruce G Beeren	49,405	–	428	151	49,984	105,000	–
Trevor Bourne	121,584	–	666	151	122,401	11,003	29,747
Colin B Carter <sup>(8)</sup>	48,891	–	–	151	49,042	73,955	4,654
Helen M Nugent	36,523	–	–	151	36,674	100,000	30,477
J Roland Williams	133,500	–	–	151	133,651	12,015	32,485
Gordon M Cairns <sup>(9)</sup>	7,813	–	–	151	7,964	703	1,901
<b>Executive</b>							
Grant A King	1,600,000	1,526,000	21,589	2,031	3,149,620	100,000	–
<b>Executives</b>							
Karen A Moses	894,167	725,000	11,260	2,031	1,632,458	40,000	–
Andrew M Stock	561,000	380,000	2,200	2,031	945,231	59,000	–
Frank G Calabria	575,000	380,000	4,400	2,031	961,431	25,000	–
Robbert J Willink	453,690	270,000	1,200	2,031	726,921	76,125	–
David Baldwin <sup>(7)</sup>	590,426	327,005	–	–	917,431	–	–

<sup>(1)</sup> Variable remuneration for the financial year includes the amount that vested in the financial year – based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2006/07. The short-term incentive bonus is for performance during 2006/07, using the criteria set out on page 9. The amount was determined on 8 August 2007, after performance reviews and approved by the Remuneration Committee.

<sup>(2)</sup> For explanation of Non-Executive Directors' Share Plan refer to section 6.2 of this Remuneration Report on page 12.

<sup>(3)</sup> These retirement benefits have been paid out over two periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and no further amounts are payable or will accrue.

<sup>(4)</sup> The fair value of the options is calculated at the date of grant using a binominal option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account.

<sup>(5)</sup> Options were issued to Bruce G Beeren while he was an executive director, prior to January 2005, and were approved by shareholders. The value of options amortised during the year are not part of the aggregate fees paid to non-executive directors during the year.

<sup>(6)</sup> Options granted to Grant King were approved by shareholders pursuant to Listing Rule 10.14 at a general meeting of shareholders on 20 October 2004.

<sup>(7)</sup> David Baldwin is paid in New Zealand dollars. Remuneration is converted to Australian dollars using an annual average exchange rate of \$1.1009 at 30 June 2007.

<sup>(8)</sup> Colin Carter resigned from his position on 30 April 2007.

<sup>(9)</sup> Gordon Cairns was appointed to his position on 1 June 2007.

<sup>(10)</sup> Share options and restricted shares issued by Contact Energy Limited.

**REMUNERATION REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

ACCRUED RETIREMENT BENEFITS <sup>(9)</sup> (\$)	TOTAL (\$)	OTHER LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS				TOTAL (\$)
		ACCRUED LONG-SERVICE LEAVE (\$)	TERMINATION PAY (\$)	NUMBER OF OPTIONS ISSUED DURING 2006/07	VALUE OF OPTIONS ISSUED DURING 2006/07 <sup>(4)</sup> (\$)	VALUE OF OPTIONS ISSUED IN PAST YEARS AMORTISING DURING 2006/07 <sup>(4)</sup> (\$)	% OF REMUNERATION THAT IS OPTIONS	
83,761	192,227	–	–	–	–	–	–	473,912
–	105,000	–	–	–	–	205,307 <sup>(5)</sup>	–	360,291
27,247	67,997	–	–	–	–	–	–	190,398
26,504	105,113	–	–	–	–	–	–	154,155
–	130,477	–	–	–	–	–	–	167,151
35,899	80,399	–	–	–	–	–	–	214,050
–	2,604	–	–	–	–	–	–	10,568
–	100,000	73,095	–	500,000 <sup>(6)</sup>	191,145	654,694	20.3	4,168,554
–	40,000	30,077	–	211,000	80,663	313,951	18.9	2,097,149
–	59,000	40,970	–	158,000	60,402	206,028	20.3	1,311,631
–	25,000	13,255	–	110,000	42,052	155,458	16.5	1,197,196
–	76,125	25,697	–	–	–	173,041	17.2	1,001,784
–	–	–	–	–	–	272,504 <sup>(10)</sup>	22.9	1,189,935

# REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

## 7.3 Equity instruments

### 7.3.1 Equity hedging policy

Origin Energy policy requires that employees not trade in instruments or other financial products which operate to limit the economic risk of any securities held under any equity-based incentive schemes while those holdings are subject to performance hurdles or are otherwise unvested.

The company secretary monitors adherence to this policy. Non-compliance may result in summary dismissal.

### 7.3.2 Value of options granted, exercised and lapsed

Summary of the value of options granted, exercised and lapsed in the current financial year as long-term incentives to directors and senior executives:

NAME & POSITION	VALUE OF OPTIONS AND RIGHTS		
	GRANTED DURING THE YEAR <sup>(1)</sup>	EXERCISED DURING THE YEAR <sup>(2)</sup>	LAPSED DURING THE YEAR <sup>(3)</sup>
	\$	\$	\$
<b>Directors</b>			
Grant A King	2,116,000	–	–
Bruce G Beeren	–	–	–
<b>Executives</b>			
Karen A Moses	697,180	4,053,860	–
Andrew M Stock	319,970	3,291,851	–
Frank G Calabria	319,970	208,727	–
Robbert J Willink	198,710	–	–
David Baldwin	–	–	–

<sup>(1)</sup> The value of options and rights granted in the year is the fair value calculated at grant date using a binominal option-pricing model which has been independently calculated by Mercers. The value disclosed is the portion of the fair value of the options and rights allocated to this reporting period.

<sup>(2)</sup> The value of options and rights exercised during the year is calculated as the market price of Origin Energy shares on the Australian Securities Exchange as at close of trading on the date the options and rights were exercised, after deducting the price paid to exercise the option or right.

<sup>(3)</sup> While lapsed options and rights have no value, under section 300A of the Corporations Act, the value of lapsed options is required to be shown as if they had not lapsed. The value of the options and rights that lapsed during the year represents the benefit forgone and is calculated at the date the option or right lapsed, using a binominal option-pricing model with no adjustments for whether the performance criteria have, or have not, been achieved.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 7.3.3 Options and rights over equity instruments granted as compensation

Options and rights over ordinary shares of Origin Energy Limited granted or vested to all key management personnel:

	NUMBER OF OPTIONS AND RIGHTS GRANTED DURING 2007/08	GRANT DATE	FAIR VALUE PER OPTION AND RIGHT AT GRANT DATE	EXERCISE PRICE PER OPTION AND RIGHT	EXPIRY DATE	NUMBER OF OPTIONS AND RIGHTS VESTED DURING 2007/08
<b>Directors</b>						
H Kevin McCann	–	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–	275,000
Trevor Bourne	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–
Grant A King	300,000	28/9/07	\$2.57	\$10.32	28/9/12	1,900,000
	100,000	28/9/07	\$7.53	Nil	28/9/12	
	100,000	14/11/07	\$5.92	Nil	14/2/13	
<b>Executives</b>						
Karen A Moses	140,000	28/9/07	\$2.51	\$10.32	28/12/12	593,000
	51,000	28/9/07	\$6.78	Nil	28/12/12	
Andrew M Stock	64,000	28/9/07	\$2.51	\$10.32	28/12/12	416,000
	23,500	28/9/07	\$6.78	Nil	28/12/12	
Frank G Calabria	64,000	28/9/07	\$2.51	\$10.32	28/12/12	306,000
	23,500	28/9/07	\$6.78	Nil	28/12/12	
Robbert J Willink	40,000	28/9/07	\$2.51	\$10.32	28/12/12	208,000
	14,500	28/9/07	\$6.78	Nil	28/12/12	
David Baldwin	–	–	–	–	–	–

No options and rights have been granted since the end of the financial year. Options and rights were provided at no cost to the recipients.

All options and rights expire on the earlier of their expiry date or termination of the individual's employment. The options and rights are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise options and rights is conditional on the consolidated entity achieving certain performance hurdles. For options and rights granted in the current year, the earliest exercise date is 28 September 2010. Details of the performance criteria are included in the long-term incentives information in section 3.4.2.4 on page 11.

### 7.3.4 Exercise of options granted as compensation

The following shares were issued on the exercise of options previously granted as compensation:

	2007/08	
	NUMBER OF SHARES	AMOUNT PAID PER SHARE
<b>Directors</b>		
H Kevin McCann	–	–
Bruce G Beeren	–	–
Trevor Bourne	–	–
Helen M Nugent	–	–
J Roland Williams	–	–
Gordon M Cairns	–	–
Grant A King	–	–
<b>Executives</b>		
Karen A Moses	200,000	\$3.40
	260,000	\$4.15
Andrew M Stock	135,000	\$5.72
	160,000	\$4.15
Frank G Calabria	20,000	\$3.40
	20,000	\$4.15
Robbert J Willink	–	–
David Baldwin	–	–

There were no amounts unpaid on the shares issued as a result of the exercise of options during 2006/07 and 2007/08.

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 7.3.5 Options and rights holdings

Movement, during the reporting period, in the number of options and rights over ordinary shares in Origin Energy held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2008	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2008
<b>Directors</b>							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	550,000	–	–	–	550,000	275,000	550,000
Trevor Bourne	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,000,000	500,000	–	–	2,500,000	1,900,000	2,400,000
<b>Executives</b>							
Karen A Moses	1,053,000	191,000	460,000	–	784,000	593,000	593,000
Andrew M Stock	576,000	87,500	295,000	–	368,500	416,000	281,000
Frank G Calabria	436,000	87,500	40,000	–	483,500	306,000	396,000
Robbert J Willink	208,000	54,500	–	–	262,500	208,000	208,000
David Baldwin	–	–	–	–	–	–	–

	HELD AT 1 JULY 2006	GRANTED AS COMPENSATION	EXERCISED	LAPSED DURING THE YEAR	HELD AT 30 JUNE 2007	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2007
<b>Directors</b>							
H Kevin McCann	–	–	–	–	–	–	–
Bruce G Beeren	800,000	–	250,000	–	550,000	275,000	275,000
Trevor Bourne	–	–	–	–	–	–	–
Colin B Carter	–	–	–	–	–	–	–
Helen M Nugent	–	–	–	–	–	–	–
J Roland Williams	–	–	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–	–	–
Grant A King	2,250,000	500,000	750,000	–	2,000,000	500,000	500,000
<b>Executives</b>							
Karen A Moses	1,082,000	211,000	240,000	–	1,053,000	260,000	460,000
Andrew M Stock	418,000	158,000	–	–	576,000	160,000	160,000
Frank G Calabria	466,000	110,000	140,000	–	436,000	110,000	130,000
Robbert J Willink	468,000	–	260,000	–	208,000	160,000	–
David Baldwin	–	–	–	–	–	–	–

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 7.3.6 Equity holdings and transactions

Movement, during the reporting period, in the number of ordinary shares of Origin Energy Limited held directly, indirectly or beneficially by key management personnel, including their related parties:

	HELD AT 1 JULY 2007	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2008
<b>Directors</b>					
H Kevin McCann	261,725	5,657	–	–	267,382
Bruce G Beeren	805,020	–	–	80,000	725,020
Trevor Bourne	42,966	2,051	–	–	45,017
Helen M Nugent	18,398	4,102	–	–	22,500
J Roland Williams	38,237	4,156	–	–	42,393
Gordon M Cairns	2,500	2,384	–	–	4,884
Grant A King	301,046	6,695	–	–	307,741
<b>Executives</b>					
Karen A Moses	33,466	60	460,000	260,000	233,526
Andrew M Stock	397,495	60	295,000	204,717	487,838
Frank G Calabria	140,832	81	40,000	160,000	20,913
Robbert J Willink	611,981	2,703	–	400,000	214,684
David Baldwin	–	–	–	–	–

	HELD AT 1 JULY 2006	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2007
<b>Directors</b>					
H Kevin McCann	253,286	8,439	–	–	261,725
Bruce G Beeren	554,420	600	250,000	–	805,020
Trevor Bourne	38,350	4,616	–	–	42,966
Colin B Carter	30,958	2,773	–	–	33,731
Helen M Nugent	14,046	4,352	–	–	18,398
J Roland Williams	33,658	4,579	–	–	38,237
Gordon M Cairns	–	2,500	–	–	2,500
Grant A King	244,769	6,277	750,000	700,000	301,046
<b>Executives</b>					
Karen A Moses	33,266	200	240,000	240,000	33,466
Andrew M Stock	587,095	400	–	190,000	397,495
Frank G Calabria	614	218	140,000	–	140,832
Robbert J Willink	351,781	200	260,000	–	611,981
David Baldwin	–	–	–	–	–

## REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

### 7.3.7 Vesting profile

Details of vesting profile of the options and rights granted as remuneration during the reporting period to key management personnel:

	OPTIONS AND RIGHTS GRANTED		PERCENTAGE VESTED IN YEAR	FORFEITED IN YEAR <sup>(1)</sup>	VESTING DATE
	NUMBER	DATE			
<b>Directors</b>					
H Kevin McCann	–	–	–	–	–
Bruce G Beeren	–	–	–	–	–
Trevor Bourne	–	–	–	–	–
Helen M Nugent	–	–	–	–	–
J Roland Williams	–	–	–	–	–
Gordon M Cairns	–	–	–	–	–
Grant A King	300,000	28/9/07	100%	–	28/9/2010 <sup>(2)</sup>
	100,000	28/9/07	100%	–	28/9/2010 <sup>(2)</sup>
	100,000	14/11/07	–	–	14/11/2010
<b>Executives</b>					
Karen A Moses	140,000	28/9/07	–	–	28/9/2010
	51,000	28/9/07	–	–	28/9/2010
Andrew M Stock	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Frank G Calabria	64,000	28/9/07	–	–	28/9/2010
	23,500	28/9/07	–	–	28/9/2010
Robbert J Willink	40,000	28/9/07	–	–	28/9/2010
	14,500	28/9/07	–	–	28/9/2010
David Baldwin	–	–	–	–	–

<sup>(1)</sup> The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest level performance criteria not being achieved.

<sup>(2)</sup> The announcement by BG Group of a proposal to acquire Origin on 29 April 2008 brought forward the first exercise date of these options and as result of the performance hurdles having been met, the options have vested and have become fully exercisable.



