



Origin Energy Limited

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Notice of Annual General Meeting

Notice is given that the 2010 Annual General Meeting of shareholders of Origin Energy Limited (Company) will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney on Friday, 29 October 2010 at 10.30am.

A webcast of the meeting can be viewed on the Company's website at www.originenergy.com.au.

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Financial Statements of the Company and the reports of the Directors and auditors for the year ended 30 June 2010.

2. Re-election of Director

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

"That Mr Gordon M Cairns, being a Director of the Company who retires by rotation under article 133 of the Company's constitution, and being eligible, is re-elected as a Director of the Company."

Details of the qualifications and experience of Mr Cairns and the recommendation of the Board in relation to him are set out in the attached Explanatory Notes.

3. Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2010 be adopted."

The Remuneration Report is set out on pages 31 to 49 of the 2010 Annual Report and is attached to this Notice of Meeting.

This is a non-binding advisory vote.

SPECIAL BUSINESS

4. Increase in aggregate cap of Non-executive Directors' remuneration

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

"That, in accordance with article 126(1) of the Company's constitution, the maximum aggregate amount of remuneration which may be provided by the Company to all Directors for their services as Directors be increased from a maximum amount of \$2,200,000 by \$500,000 to a maximum amount of \$2,700,000 a year."

5. Grant of long term incentives to Mr Grant A King – Managing Director

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

"That approval be given to the grant of long term incentives up to a maximum value of \$3,220,000 to Mr Grant A King, under the Company's Senior Executive Option Plan and/or Senior Executive Performance Share Rights Plan, on the terms summarised in the Explanatory Notes to this Notice of Meeting and that this approval be for all purposes, including for ASX Listing Rules 7.1 and 10.14."

6. Grant of long term incentives to Ms Karen A Moses – Executive Director

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

"That approval be given to the grant of long term incentives up to a maximum value of \$1,200,000 to Ms Karen A Moses, under the Company's Senior Executive Option Plan and/or Senior Executive Performance Share Rights Plan, on the terms summarised in the Explanatory Notes to this Notice of Meeting and that this approval be for all purposes, including for ASX Listing Rules 7.1 and 10.14."

7. Adoption of new constitution

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

"That rules 1 to 14 of the constitution tabled at the Annual General Meeting and signed by the Chairman for the purpose of identification is approved and adopted as the constitution of the Company in place of the current constitution of the Company, with effect from the close of the meeting."

8. Renewal of proportional takeover provisions

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

"That the Company renew the proportional takeover provisions contained in rule 15 of the new constitution (previously article 64 of the old constitution) with effect from the date of this meeting for a period of 3 years."

By order of the Board

A handwritten signature in black ink, appearing to read "Andrew Clarke".

Andrew Clarke
Company Secretary
Sydney, 27 September 2010

Notice of Annual General Meeting (continued)

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on items 4, 5 and 6 by the Directors of the Company and by any of their associates. The Company need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions to vote on the proxy form; or
2. 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.

Notes

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that for the purpose of the meeting, shares will be taken to be held by the persons who are the registered holders at 7.00pm (Sydney time) on Wednesday, 27 October 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES, ATTORNEYS AND CORPORATE REPRESENTATIVES

A shareholder who is entitled to attend and vote may appoint not more than two proxies and may specify the proportion or number of the shareholder's votes each proxy is entitled to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

On a poll, shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. Under the *Corporations Act 2001* (Cth), if a shareholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

A proxy has the same rights as a shareholder to speak at the meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll. Shareholders who have appointed a proxy may still attend the meeting. However, the proxy's rights to speak and vote are suspended while the shareholder is present.

Where more than one joint holder votes, the vote of the holder whose name appears first in the register of shareholders shall be accepted to the exclusion of the others, whether the vote is given in person or by proxy or by representative or by attorney.

A proxy need not be a shareholder of the Company and may be an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative to the Company at least 48 hours prior to commencement of the meeting.

If such evidence is not received at least 48 hours prior to the commencement of the meeting, then the body corporate proxy (through its representative) will not be permitted to act as the shareholder's proxy.

Proxy forms (and if the appointment is signed by the appointer's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the Company's share registry, Link Market Services Limited, by 10.30am on Wednesday, 27 October 2010. A proxy may be lodged with Link Market Services Limited:

- by mail, at Locked Bag A14, Sydney South NSW 1235; or
- by hand, at Level 12, 680 George Street, Sydney NSW; or
- by facsimile, on +61 2 9287 0309.

UNDIRECTED PROXIES

The Chairman of the meeting intends to vote undirected proxies in favour of all of the resolutions. The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution.

QUESTIONS AT THE MEETING

The meeting is intended to give shareholders the opportunity to hear the Chairman and the Managing Director discuss the year that has just passed and to give some insight into the Company's prospects for the year ahead. The Company welcomes shareholders' questions at the meeting. However, in the interests of those present, questions or comments should be confined to resolutions before the meeting and should be relevant to shareholders as a whole.

Explanatory Notes

These Explanatory Notes form part of the Notice of Meeting and are intended to provide shareholders of the Company with information to assess the merits of the proposed resolutions.

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

1. RECEIVE AND CONSIDER REPORTS FOR YEAR ENDED 30 JUNE 2010

The Company's Annual Report has been made available to shareholders and is published on the Company's website (www.originenergy.com.au). Shareholders are not required to vote on the Financial Statements and the reports of the Directors and auditors. During this item of business there will be an opportunity for shareholders to comment on and ask questions about the management of the Company in the past year and the prospects for the year ahead.

2. ELECTION OF DIRECTORS

Gordon M Cairns, Independent Non-executive Director

Mr Cairns joined the Board on 1 June 2007 and is a member of the Remuneration, Risk, Nomination and Health, Safety and Environment committees and is Chairman of the Origin Foundation. He has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Ltd, and has held senior management positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestlé.

Mr Cairns is currently a director of Westpac Banking Corporation (since July 2004), Rebel Group Pty Ltd (since April 2010), The Centre for Independent Studies and World Education Australia and is a senior advisor to McKinsey & Company and Caliburn Partnership. He holds a Master of Arts (Honours) from the University of Edinburgh.

The Board (with Mr Cairns abstaining), has reviewed the performance of Mr Cairns. The review included consideration of the expertise, skill and experience of Mr Cairns and his performance and contribution to the work of the Board over his term of office. The Board found that Mr Cairns had been a high performing Director and continues to make valuable contributions to the Board. The Board concluded that Mr Cairns should be proposed for re-election and accordingly recommends that shareholders vote in favour of his re-election.

3. ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Board is presenting the Company's Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report is attached at the back of this Notice and is also available on the Company's website (www.originenergy.com.au).

The Remuneration Report:

- explains the Board's policies in relation to the objectives and structure of remuneration;
- discusses the relationship between the policies and the Company's performance;
- provides details of performance conditions, why they were chosen and how performance is measured against them; and
- sets out the remuneration arrangements for each Director and for each of the key management personnel of the Company.

Shareholders will have opportunity to ask questions about or comment on the Remuneration Report at the meeting.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

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

4. INCREASE IN AGGREGATE CAP OF NON-EXECUTIVE DIRECTORS' REMUNERATION

In accordance with article 126(1) of the Company's constitution and ASX Listing Rule 10.17, the Company is seeking approval from shareholders to increase the maximum aggregate amount available for Non-executive Directors' fees from \$2,200,000 to \$2,700,000 per year, an increase of \$500,000 per year. The current maximum aggregate amount of \$2,200,000 was approved by shareholders at the 2008 Annual General Meeting. This amount includes statutory superannuation contributions but does not include other payments that may be payable to the Non-executive Directors as provided for in the constitution.

The Company undertakes regular reviews of the fees paid to Non-executive Directors to ensure that they are competitive, in line with market and enable the Company to attract and retain high calibre Directors. This review includes consideration of fees paid to Non-executive Directors of comparable Australian listed companies. The Board's performance, duties and responsibilities, the market comparison and independent advice are all considered as part of the review process.

The remuneration provided to each Non-executive Director for the year ended 30 June 2010 is detailed in the Remuneration Report which is attached to this Notice of Meeting. The fees paid to Non-executive Directors' remained unchanged in the last two financial years. The total value of remuneration paid to all Non-executive Directors during the last financial year was \$1,952,932.

As disclosed in the Remuneration Report, following an external benchmarking review by Guerdon Associates, the decision has been taken to now increase fees, effective from 1 July 2010. Based on current Board and Committee membership, the aggregate for Non-executive Directors base and Committee fees is not expected to exceed \$2,016,000 for the financial year ending 30 June 2011.

Accordingly, it is not the Company's intention to use the whole of the new maximum aggregate immediately.

The proposed increase in the maximum aggregate amount will provide flexibility to:

- allow for payment of appropriate fees over time, and taking into account the increasing time and responsibilities required of Non-executive Directors generally and in particular with regard to:
 - increasing corporate governance complexity and other regulatory requirements; and
 - the growth in the size, scope and diversity of the Company's businesses as it continues to expand into new markets and new regions, particularly with reference to its growing CSG business, exploration business and geothermal opportunities which require detailed assessment of operations in foreign jurisdictions;
- continue to attract and retain Directors of the highest calibre to oversee the strategic and operational challenges of the Company as it continues its growth strategy;
- allow for future adjustments in line with market conditions; and
- increase the number of future Board members and allow for transition periods, as part of an active Board renewal and succession planning process. This will ensure that the Company's interests are best served in its next period of growth and development.

Shareholders should note that the proposed increase in Non-executive Directors' remuneration does not relate to salaries paid to Executive Directors in their capacity as executives of the Company. Executive Directors do not receive remuneration in the form of Directors' fees in addition to their salaries.

With the Non-executive Directors noting their interest in the matter, the Board unanimously recommends that shareholders approve the increase in the maximum aggregate amount of Non-executive Director fees.

Explanatory Notes (continued)

The following information applies to both items 5 and 6.

5 & 6 GRANT OF LONG TERM INCENTIVES (LTI) TO MR GRANT A KING AND MS KAREN A MOSES

Under ASX Listing Rule 10.14, shareholders are required to approve the issue of securities to Directors under an employee incentive scheme. The Company's LTI Plans form a key element of the Company's incentive and retention strategy for executives, including Executive Directors. They are a core part of aligning the interests of those senior executives with those of shareholders. The Non-executive Directors receive fixed fees and are not eligible to participate in any incentive schemes.

Resolutions 5 and 6 seek shareholders' approval for the grant of LTIs up to a maximum value of:

- \$3,220,000 to the Company's Managing Director, Mr Grant A King; and
 - \$1,200,000 to the Company's Executive Director, Ms Karen A Moses;
- under the Senior Executive Option Plan and/or Senior Executive Performance Share Rights Plan (Plans), as part of their LTI arrangements on the terms set out in this notice.

The Plans are designed to:

- facilitate equity ownership for key executives, providing the opportunity for them to share the rewards of the success of the Company;
- add wealth to all shareholders by motivating key executives; and
- attract, motivate and retain key executives.

The Origin Senior Executive Option Plan has been in place since 2000. In July 2007, the Performance Share Rights (PSR) Plan was introduced and, since then, the Board's approach has been to allocate long term incentives to all eligible executives, by value, half in Options and half in PSRs.

There had been a number of reforms to the taxation regime that applies to equity based incentive schemes in recent years making it increasingly challenging to implement arrangements that focus on long term goals, delivery and performance.

These challenges may mean that the Board will decide that a 50:50 mix of Options and PSRs is not appropriate in respect of LTI awards in 2011. The Board is seeking the flexibility to satisfy next year's LTI awards in a different proportion of Options or PSRs, up to the maximum value set out above. In addition, if the Board believes it appropriate to do so, the Board may elect to deliver the LTI entitlement to Mr King or Ms Moses or any other senior executives completely in cash or other benefits in lieu of an equity award.

If shareholder approval is obtained, it is intended that the Options and/or PSRs will be issued to Mr King and Ms Moses for nil consideration shortly after the release of the 2011 financial results, but no later than 12 months after this meeting or any adjournment of it. The Options and/or PSRs will be issued to Mr King and Ms Moses at the same time and under the same ratio and terms as those issued to other eligible executives under the Plans.

Overview of the Plans

Under the Option Plan, eligible senior executives are offered Options in the Company, each of which entitles the executive to acquire a fully paid ordinary share in the capital of the Company upon paying the exercise price, subject to the satisfaction of performance conditions. The exercise price of the Options will be the volume weighted average market price of Origin's shares determined over at least five but no more than 10 trading days which occur after the release of the 2011 financial results and prior to the date of grant.

Under the PSR Plan, eligible senior executives are offered conditional entitlements to fully paid ordinary shares in the Company, subject to meeting certain performance conditions within a set performance period.

Option and PSR grants under the Plans will be tested over a three year period. If the relevant performance conditions are satisfied at Test Date then the Options and PSRs will vest partially or fully, according to the vesting schedule. If at the end of the performance period any Options or PSRs do not vest, they are retested over a four year or five year performance period.

On vesting and exercise of the Options (including payment of the applicable exercise price), participants will be allocated shares in the Company. On vesting and exercise of the PSRs, participants will be allocated shares in the Company at no cost.

Unvested and unexercised Options and PSRs expire five years and three months after grant date.

Shares allocated on vesting and exercise of Options and PSRs will be unrestricted, and will carry full dividend and voting rights from the date of allocation.

The Options and PSRs granted under the Plans are not transferable, without the consent of the Board. Participating executives are prohibited from entering into hedging arrangements in respect of the unvested Options and PSRs.

No loan is applicable to the proposed offer to Mr King and Ms Moses.

Performance and vesting conditions for Options and PSRs

The exercise of the Options and PSRs are subject to a performance condition based on the Total Shareholder Return (TSR) of the Company relative to the TSR of the companies comprising the ASX 100 over the performance period.

The percentage of Options and PSRs capable of exercise is based on a sliding scale as follows:

TSR percentile ranking	% of award vesting
< 50th	0%
50th	50%
75th or higher	100%

Between the 50th and 75th percentiles awards vest progressively on a straight line basis.

If on a Test Date, the market price of the Company's shares is less than the exercise price of an Option, but the TSR Hurdle has been satisfied, the Options cannot be exercised until the current market price is equal to or exceeds the exercise price.

In addition to the circumstances set out above, the Options and PSRs will vest at other times, as determined by the Board, including:

- an eligible executive ceasing employment with the Company due to death or permanent disablement; or
- an eligible executive ceasing employment with the Company under other circumstances as determined by the Board.

The Option and PSR Plan Rules which set out the full terms of the Plans, including exercise and vesting conditions are available on the Company's website www.originenergy.com.au.

Explanatory Notes (continued)

Specific terms of the grant

Under their Employment Contracts, the maximum LTI entitlements of Mr King and Ms Moses for the 2011 Tranche is:

- Mr King – \$3,220,000; and
- Ms Moses – \$1,200,000.

The number of LTI awards issued to a particular executive is calculated by dividing the value of that executive's LTI entitlement by the fair value of those awards, determined at the time of decision to make the award in accordance with the accounting standards, using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account market conditions and performance hurdles. Options have a lower value than PSRs, therefore a greater number of Options than PSRs are awarded for the same amount of value.

As noted earlier, the Board may decide to satisfy the incentives in any proportion of Options and PSRs, all PSRs or pay cash or other benefit in lieu of an equity award.

Issue of securities since the last approval by shareholders

Shareholders have previously approved annual grants of Options and PSRs under the Plans to Mr King and Ms Moses. As approved by shareholders at the 2009 Annual General Meeting, the Company issued the following securities for nil consideration on 6 November 2009 with respect to the 2009 financial year:

- To Mr King – 297,000 Options (exercise price: \$15.93) and 108,000 PSRs;
- To Ms Moses – 115,000 Options (exercise price: \$15.93) and 42,000 PSRs.

Shareholder approval was also obtained at the 2009 AGM to issue Options and/or PSRs to Mr King and Ms Moses in relation to the 2010 financial year. These awards have not been granted as at the date of this notice, but will be issued prior to 30 October 2010.

If the 2010 Tranche is to be satisfied half by Options and half by PSRs, then the number of securities to be issued will be:

- For Mr King – 371,212 Options (exercise price: \$15.37) and 130,434 PSRs;
- For Ms Moses – 145,202 Options (exercise price: \$15.37) and 51,020 PSRs.

If the 2010 Tranche is to be satisfied entirely by PSRs, then the number of securities to be issued will be:

- For Mr King – 260,869 PSRs;
- For Ms Moses – 102,040 PSRs.

A copy of the Option and PSR Plan Rules is available on the Company's website www.originenergy.com.au.

All of the Directors, other than Mr King and Ms Moses respectively, recommend that shareholders vote in favour of the Resolutions 5 and 6.

7. ADOPTION OF NEW CONSTITUTION

The Company's current constitution was adopted in 1999 and has been updated on occasions since then, with the last amendment made on 20 October 2005.

Since then, there have been a number of changes to the Corporations Act and the ASX Listing Rules. There have also been significant developments in corporate governance principles and general corporate and commercial practice for ASX listed companies.

As a result of the most recent review, the Board recommends the adoption of a new constitution which takes account of these changes and which is drafted to be consistent with current market practice.

A copy of the Company's existing constitution and the proposed constitution can be obtained before the meeting from the Company's website at www.originenergy.com.au. A copy of the proposed constitution will also be available at the meeting.

The proposed modifications will ensure the Company's constitution is consistent with contemporary principles of good governance and corporate and commercial practice. The changes will also facilitate the efficient operations of the Company. To assist shareholders, a summary of the more significant changes are set out below. References to rules below are to rule numbers in the proposed new constitution, unless stated otherwise.

General meetings

The constitution incorporates a number of changes proposed to assist with the orderly conduct of general meetings of the Company, including:

- allowing shareholders to vote directly on resolutions considered at a general meeting by submitting their votes to the Company (either electronically or by post or fax) (rule 8.8(b)). Direct voting will make communication with shareholders more effective and improve access for shareholders unable to be physically present at meetings;
- allowing the chairman of a general meeting to nominate an acting chairman to take the chair for specific items of business (rule 8.5(d)). Proxies in the chairman's favour will be deemed to be in favour of the acting chairman. This confirms the usual common law position;
- permitting notices to shareholders and other communications to be sent electronically (rules 8.3(a) and 14.1(a)); and
- allowing the chairman to change meeting venues or postpone meetings if the original venue becomes impractical or a change is necessary in the interests of conducting the meeting efficiently (rule 8.6).

Dividends

The new constitution includes a number of changes to broaden the methods by which the Company may pay dividends to shareholders, including:

- reflecting recent changes to the Corporations Act which broaden the ability of companies to pay dividends to shareholders (in the past, this has been limited to payment out of profits) (rule 5.1(a));
- providing full flexibility for the Company in relation to direct crediting of dividends. Direct crediting of dividends allows for dividends to be paid directly into all shareholders' bank accounts (reducing mailing costs and reducing any delay in receiving funds) (rule 5.2(d)(i)); and
- allowing the Company to pay dividends into accounts to be held on behalf of shareholders where a shareholder's address is not known or is uncertain (rule 5.2(e)).

Directors

Amendments are proposed to certain provisions relating to Directors including:

- removing the requirement that one-third of the Board retires by rotation at each Annual General Meeting. In its place the new constitution will require a Director to submit for re-election at the third Annual General Meeting following his or her last election or re-election (rule 9.2(a)). This change is intended to more closely reflect the ASX Listing Rules, which prescribe that there must be an election of Directors held each year, and that each Director is required to stand for election at least every 3 years. This change will lead to greater Board continuity by ensuring most Directors serve their full 3 year term prior to presenting themselves for re-election;
- providing that the nomination of persons (other than existing Directors or persons nominated by the Board) for election to the Board to be notified 45 business days prior to the Annual General Meeting (rule 9.3(a));
- clarifying, in relation to Directors' remuneration, that:
 - in calculating the maximum fees payable any premium paid in relation to Directors' and officers' insurance is excluded;
 - remuneration may be paid in non-cash form (eg through superannuation contributions or shares in the Company);
 - payment to Directors for committee work and Chairman's fees will form part of the aggregate Directors' fee pool approved by shareholders, but that extra fees for additional and unexpected services will be excluded (rule 9.6);
- removing the requirement that Directors must hold shares in the Company to qualify for appointment (old article 125). Although it is the current intention of the Board to maintain its policy of requiring Non-executive Directors to hold a minimum of 10,000 shares within three years of their appointment, it is not considered appropriate to prescribe this in the constitution.

Explanatory Notes (continued)

Other amendments

Definition and Interpretations

The new Constitution updates the defined terms to reflect current terminology and, where possible, relies upon terms defined in the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules.

Redundant provisions and simplification

A number of existing provisions in the Company's current constitution duplicate existing Corporations Act or ASX Listing Rule requirements and would have required further amendment in the event of legislative or regulatory change. Examples of such provisions include the rules setting out detailed requirements for share certificates and minutes of meetings. Accordingly such rules have been omitted from the new constitution.

In addition, the new constitution omits detailed mechanical provisions which are contained in the Corporations Act or the ASX Listing Rules (and which are not required to be replicated in the constitution). Examples of these include the provisions that previously detailed the content requirement for a notice of meeting of shareholders and proxy form and the requirement for the preparation of annual accounts and the audit of those accounts.

The Board unanimously recommends the adoption of the new constitution.

8. RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

The Corporations Act permits a Company's constitution to include a provision that enables it to refuse to register shares acquired under a proportional takeover bid, unless shareholders approve the bid.

Article 64 of the old constitution ceases to have effect on 15 October 2011. The Directors consider it in the interests of shareholders to continue to have a proportional takeover provision in the constitution and, accordingly, shareholders are requested to renew the proportional takeover provisions contained in article 64 of the old constitution with effect from the date of this meeting for a period of 3 years and that the rule be renumbered as rule 15 in the new constitution.

Proportional Takeover Bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares (i.e. less than 100%).

Effect of a proportional takeover bid provision

If a proportional takeover bid is made, the Directors must ensure that a general meeting to approve the bid is held more than 14 days before the last day of the bid period, at which shareholders will consider a resolution to approve the takeover bid.

Each shareholder will have one vote for each fully paid share held, with the vote to be decided on a simple majority. The bidder and its associates are not allowed to vote.

If the resolution is not passed, no transfer will be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved. If the bid is approved (or taken to have been approved), all valid transfers must be registered.

The proportional takeover approval provisions do not apply to full takeover bids and, if renewed, will only apply for 3 years after the date of the renewal.

Potential advantages and disadvantages

The Directors consider that the takeover approval provisions have no potential advantages for them.

The potential advantages of rule 15 for shareholders include:

- shareholders have the right to decide by majority vote whether to accept a proportional takeover bid;
- it may help shareholders to avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without paying an adequate control premium (i.e. paying for all of their shares);
- it increases shareholders' bargaining power and may help ensure that any bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder to decide whether to accept or reject the offer.

The potential disadvantages of rule 15 for shareholders include:

- it may discourage proportional takeover bids being made for shares in the Company;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced.

While the existing proportional takeover provisions have been in effect, there had been no takeover bids for the Company. The Directors are not aware of any potential bid that was discouraged by article 64 of the old constitution.

The Directors consider that the potential advantages for shareholders of the proportional takeover provisions operating for the next three years outweigh the potential disadvantages.

Knowledge of Takeover Bids

As at the date of this Notice, no Director is aware of any proposal to acquire or to increase the extent of a substantial interest in the Company.

The Board unanimously recommends the renewal of the proportional takeover provisions.

Remuneration Report for the year ended 30 June 2010

INTRODUCTION

The Directors are pleased to provide the Remuneration Report for Origin for the 2010 financial year.

During the year the Remuneration Committee undertook a comprehensive review of the Company's remuneration framework. As part of this review the Committee had regard to the changing external environment governing remuneration practice. In particular, the Board concluded:

- that the overall balance of remuneration settings is appropriate for the Company's business in terms of the mix between fixed and variable pay, short and long term metrics, relative and absolute hurdles, and between deferred and non-deferred pay;
- a combination of performance measures, operating cash flow after tax ("OCAT") as a proportion of productive capital ("PC") and underlying earnings per share ("EPS") would continue to apply for short term incentives ("STI") for the 2010/11 year; and
- relative Total Shareholder Return ("TSR") would continue to apply as the most appropriate performance hurdle for long term incentives ("LTI") for the 2010/11 year.

The Board proposes to continue to deliver LTIs in the form of both share options ("Options") and performance share rights ("PSRs"). In reviewing LTI hurdles, the Board noted that its use of Options automatically creates an absolute performance hurdle (share price) that in combination with the relative TSR hurdle provides a dual alignment with shareholders.

One of the Board's current focuses concerns gender pay equity, and this year's Report includes a section on this issue.

In its tenth anniversary year, the Board considers that its remuneration objectives and policy have been important in driving the successful performance of the Company and in turn the creation of sustainable shareholder returns.

The competitive challenge for sourcing and retaining key and short-skilled resources continues for the development of the CSG business and the planned conversion of CSG to LNG project.

The Board notes the final Report from the Productivity Commission's inquiry into executive pay. The Company's policies are already consistent with many recommendations. The Company's public submissions expressed concern with the initiatives around Board vacancies and the "two strikes" process around voting on remuneration reports, but observed only minor issues with most findings. The Remuneration Committee and the Board view strong governance, regulation and sound remuneration practice as fundamental to business performance. The Company's approach to remuneration is guided by its Commitments, Principles and Values.

The Board is disappointed that the Federal Government has not heeded the recommendations of both the Productivity Commission and the Australian Prudential Regulatory Authority to remove the cessation of employment as a taxing point for deferred equity arrangements. This makes it increasingly challenging to implement arrangements that focus on long term goals, delivery and performance while parts of the regulatory framework focus on the short term. Nevertheless, the Board has navigated the complexities of the changing external environment and considers it has maintained the right balances in its remuneration design and implementation.

This Report is presented in the following sections:

1. Key terms;
2. Remuneration framework;
3. Overview of performance;
4. Overview of executive remuneration;
5. Employee Retention Plan;
6. Employee Share Plan;
7. Non-executive Director remuneration; and
8. Remuneration tables and additional remuneration disclosures.

1. KEY TERMS

Throughout this Report, the following terms have the meaning indicated below:

Key Management Personnel (KMP)

All Directors and those Senior Executive Management officers who have the authority and responsibility for planning, directing and controlling the activities of the Company.

Directors

Executive Directors and Non-executive Directors.

Senior Executive Management

The Managing Director and managers who report to the Managing Director.

Executives

Senior Executive Management plus all those senior employees who have been invited to participate in the Company's LTI arrangements.

OCAT/PC (OCAT ratio)

Operating cash flow after tax (less interest tax shield) divided by Productive capital. OCAT/PC is one of two performance metrics used to determine STI outcomes, the other being underlying EPS (see below). PC excludes capital works in progress.

Underlying EPS

Underlying profit (Statutory Profit after excluded items) divided by the weighted average number of shares on issue.

2. REMUNERATION FRAMEWORK

2.1 Remuneration Committee

The Board Remuneration Committee is responsible for making recommendations to the Board on director and executive remuneration policy and structure. The composition and functions of the Remuneration Committee are set out in the Remuneration Committee Charter, which was reviewed and updated this year and is available in full on the Company's website www.originenergy.com.au.

The Remuneration Committee comprises five Non-executive Directors with significant experience working within other Boards on remuneration matters. The independent members are Trevor Bourne (Chairman), Gordon Cairns, H Kevin McCann and Helen Nugent. Bruce Beeren is the other Non-executive Director on the Committee.

2.2 Advisers to the Committee

The Committee seeks advice from external advisers from time to time. For matters pertaining to the remuneration of Directors and Senior Executive Management, Guerdon Associates is retained by and reports directly to the Remuneration Committee. As independent adviser, Guerdon Associates provides only remuneration advice to the Company. In addition, the Committee draws on remuneration advice from other external organisations, which may also provide other services to the Company. These include The Hay Group, Ernst & Young, and Hewitt Associates (on executive and employee remuneration information, data and benchmarking) and Mercer Consulting (actuarial assessment of superannuation funds, valuations of LTI instruments, and remuneration data and benchmarking).

2.3 Remuneration Principles

The Committee is focused on managing the remuneration strategy, frameworks, policies and practices to ensure alignment with robust risk management practices and strong governance principles. The following are the key principles by which remuneration is managed:

- To maintain a remuneration framework that has an appropriate mix of fixed pay and "at risk" reward;
- To measure performance for the STI Plan in both financial and non-financial measures; and

Remuneration Report for the year ended 30 June 2010 (continued)

- To deliver long term risk management and alignment with shareholders under the LTI Plan by having a significant portion of senior executive remuneration in the form of PSRs and/or Options contingent on the achievement of long term performance hurdles.

2.4 The Scope of the Report

The detailed disclosures of the Report relate to the KMP of the Company as defined in Section 1 and as listed below:

KEY MANAGEMENT PERSONNEL	
Non-executive Directors	
H Kevin McCann	Independent Chairman
John Akehurst	Independent
Bruce Beeren ⁽¹⁾	Non-executive
Trevor Bourne	Independent
Gordon Cairns	Independent
Helen Nugent	Independent
Roland Williams	Independent
Executive Directors	
Grant King	Managing Director
Karen Moses	Executive Director, Finance & Strategy
The following Senior Executive Management	
David Baldwin	Managing Director, Contact Energy
Frank Calabria	Executive General Manager, Energy Markets
Andrew Stock	Executive General Manager, Major Development Projects
Robbert Willink	Executive General Manager, Geoscience & New Ventures
Paul Zealand	Executive General Manager, Upstream Oil & Gas

(1) Bruce Beeren was an Executive Director from March 2000 to January 2005.

More broadly, the Report also describes the remuneration arrangements applying to Executives and all Senior Executive Management as defined in Section 1.

3. OVERVIEW OF PERFORMANCE

3.1 Corporate Performance

During the 2010 financial year the Company continued to build on the strong financial position established in the prior year. Underlying EBITDA increased by \$127 million to \$1,346 million during the year, and operating cashflow after tax increased 21% to \$965 million. The Company has invested in valuable assets both through acquisitions (such as an increased share in the Otway Gas Project) and through the development of internally generated projects (such as the Kupe Gas Project in New Zealand, the Mt Stuart Power Station expansion, the Cullerin Range Wind Farm, the Darling Downs Power Station and the Mortlake Power Station).

A number of these projects have made initial or enhanced contributions through the year, while Darling Downs and Mortlake will contribute in the 2011 financial year.

The Company also increased its expenditure on exploration opportunities. This included two substantial additional programs; exploring the Bass and Otway basins in southern Australia and establishing a portfolio of exploration opportunities in South East Asia. Four of the six wells drilled to 30 June 2010 encountered hydrocarbons, and two wells were assessed as unsuccessful, resulting in additional exploration expenses amounting to \$27 million before tax (\$24 million after tax).

The result was an increase in underlying net profit after tax of 10% to \$585 million, compared with \$530 million in the prior year.

The following table outlines the Company's performance over a number of key performance indicators:

Performance Indicator	2006	2007	2008	2009	2010	Compound Annual Increase % ⁽¹⁾
EARNINGS						
Net profit after tax (\$m)	332	457	517	6,941	612	17
EPS (cents)	41.9	54.7	59.0	791.0	69.7	14
Underlying profit after tax (\$m)	338	370	443	530	585	15
Underlying EPS – basic (cents)	42.7	44.3	50.6	60.4	66.6	12
OCAT ratio (%)	15.0	13.7	12.3	10.4	10.9	–
TSR						
Dividends (cents)	18.0	21.0	50.0 ⁽²⁾	50.0	50.0	29
Share Price 30 June (\$)	7.36	9.94	16.12	14.64	14.94	19
Annual shareholder return (%)	–1	38	66	–5	5	23

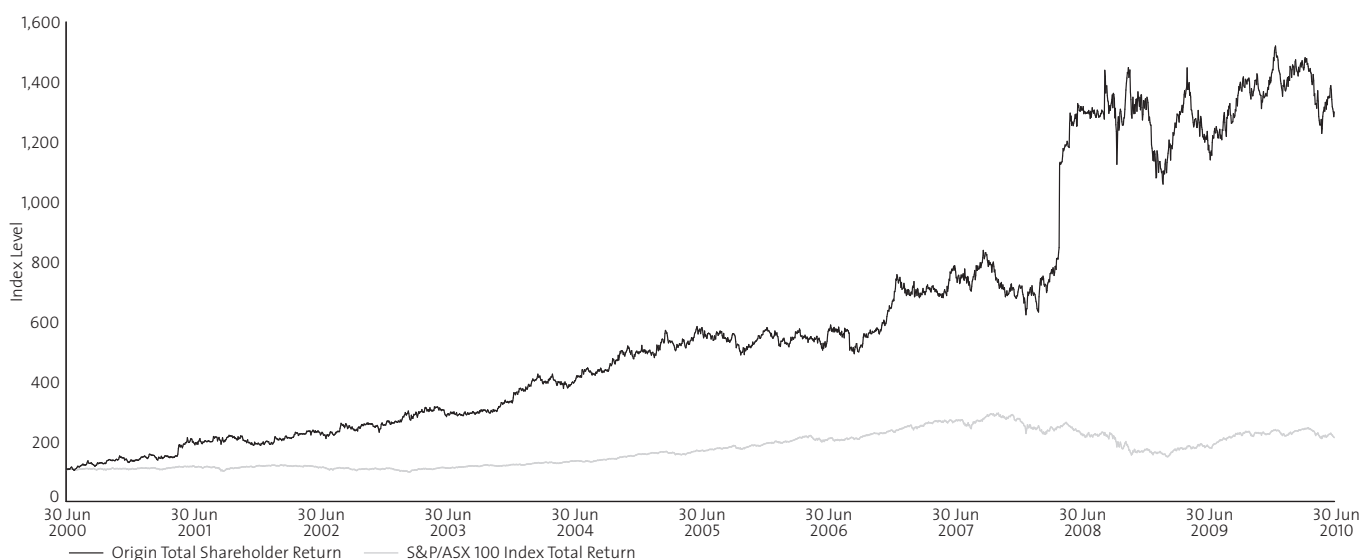
(1) Compound average growth rate between 30 June 2006 and 30 June 2010.

(2) Includes additional dividend paid in November 2008.

Remuneration Report for the year ended 30 June 2010 (continued)

From 30 June 2006 to 30 June 2010, the Company's compound TSR was 22.6% per annum. This was significantly above the ASX 100 Accumulation Index, which increased by 0.4% per annum compound over the same period.

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



Source: Guerdon Associates.

TSR is defined as the growth in Company share price over the relevant performance period with dividends notionally reinvested on the ex-dividend date during the period. The share price is measured on a volume weighted basis for the three months preceding the relevant date.

4. OVERVIEW OF EXECUTIVE REMUNERATION

4.1 Remuneration Policy

The remuneration policy of the Company is set by the Board and overseen by the Remuneration Committee. The policy purpose is to manage a total framework for rewards that achieves the following outcomes:

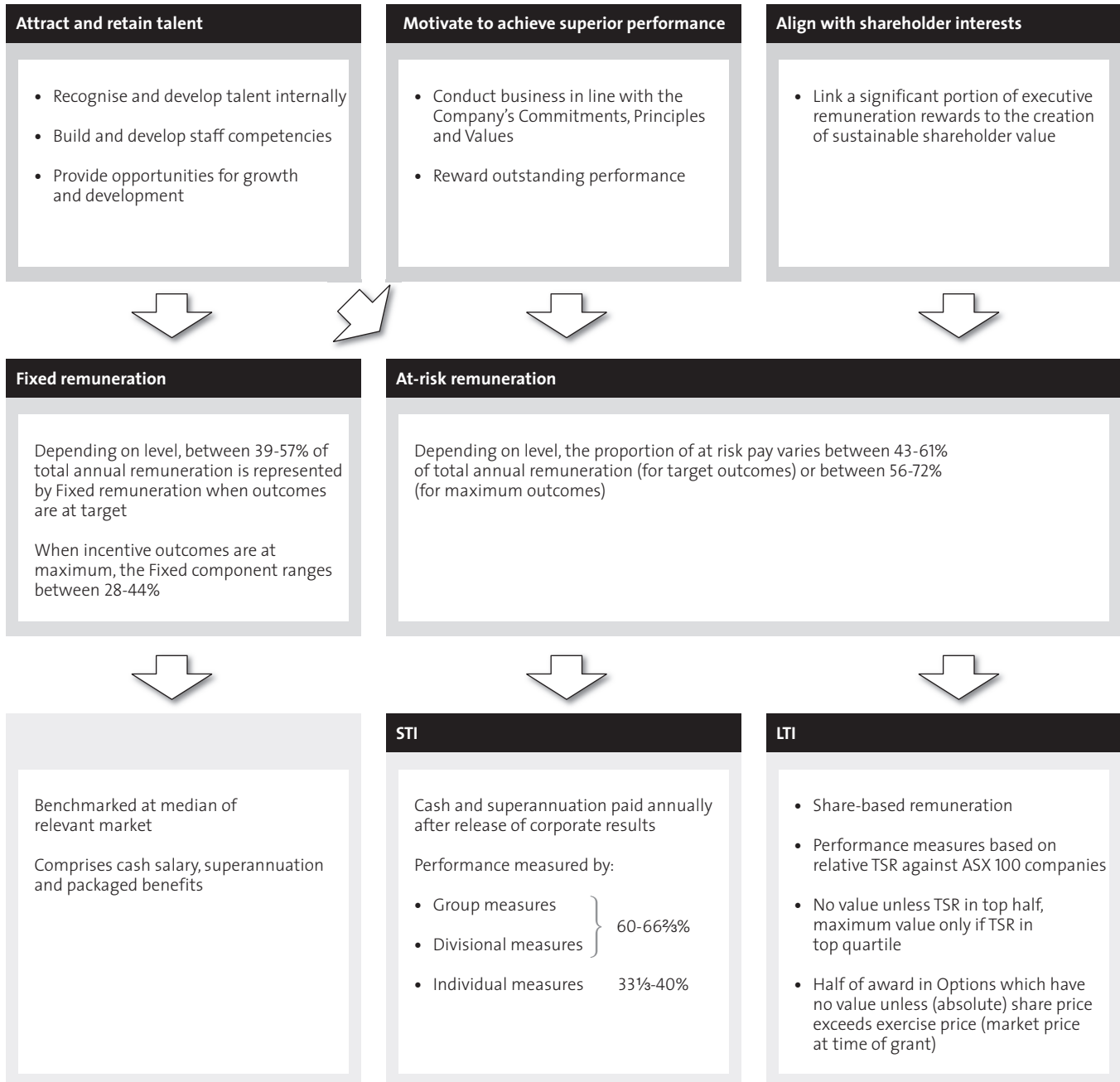
- Attracts and retains talented executives;
- Recognises and develops talent internally;
- Links rewards to the creation of sustainable shareholder value over the long term, while managing risk;
- Transacts all business consistently in line with the Company's Commitments, Principles and Values;
- Builds and develops the competencies and capabilities of staff, providing opportunities for growth and development; and
- Rewards those who deliver outstanding performance.

The methodologies employed to meet these objectives are summarised below:

Policy Objective	Methodology
Attract and retain outstanding executives whose contribution is consistent with the Company's Commitments, Principles and Values	Remuneration levels for Executives are reviewed against an 'all industries' group of over 440 companies, with some specialist roles benchmarked against smaller 'peer' groups of companies. The median level is applied as a benchmark for fixed pay while the top quartile level is the benchmark for aggregate remuneration (i.e. fixed plus "at-risk" remuneration) for outstanding performance.
Motivate executives to achieve superior performance that is aligned with shareholders' interests while managing risk	The variable or "at-risk" component of remuneration is determined by Company performance and individual contribution, taking into account risk and sustainability. For Senior Executive Management 43%-61% of total remuneration (depending on level) is at risk when achievements are at target levels. When achievements are at "stretch" or maximum levels, the at-risk proportion increases to 56%-72%. The at risk remuneration is provided through STI and LTI plans. Value is achieved only where clear and challenging performance hurdles are met. STI performance is measured against annual financial, safety and individual targets. LTI allocations (share-based payments) are related to individual performance, actual and potential contribution, and are subject to Company performance hurdles. Vesting is based on achievement against an external measure (relative TSR).

Remuneration Report for the year ended 30 June 2010 (continued)

The diagram below provides a schematic representation of the Company's remuneration arrangements as they apply to Senior Executive Management:

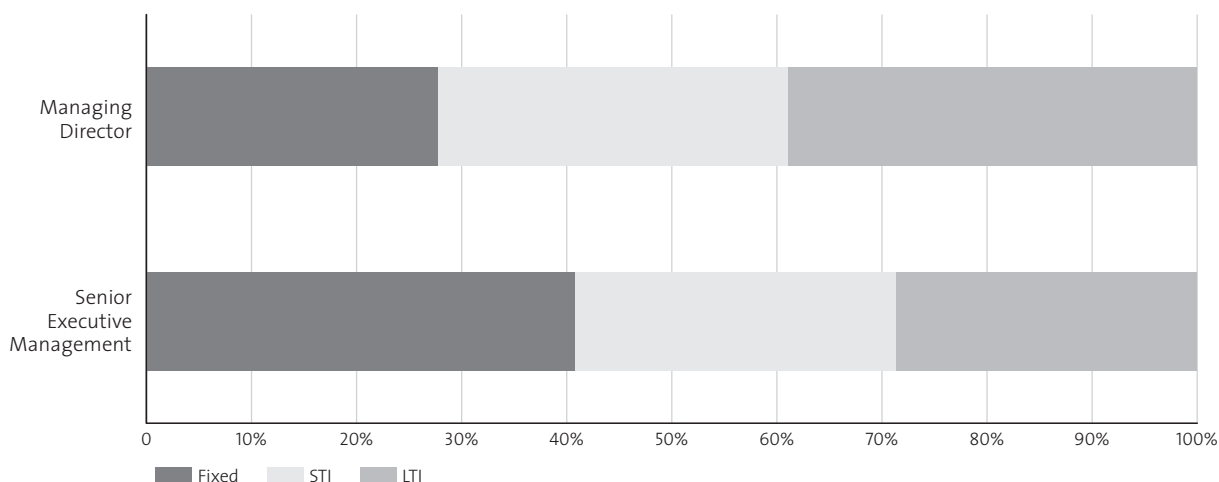


Remuneration Report for the year ended 30 June 2010 (continued)

4.2 Remuneration Mix

The figure below represents the remuneration mix between fixed and variable pay (STI and LTI), when variable pay is at the maximum. The reward mix is determined for different role levels in the Company such that there is an increasing proportion of pay at risk with increasing level of responsibility.

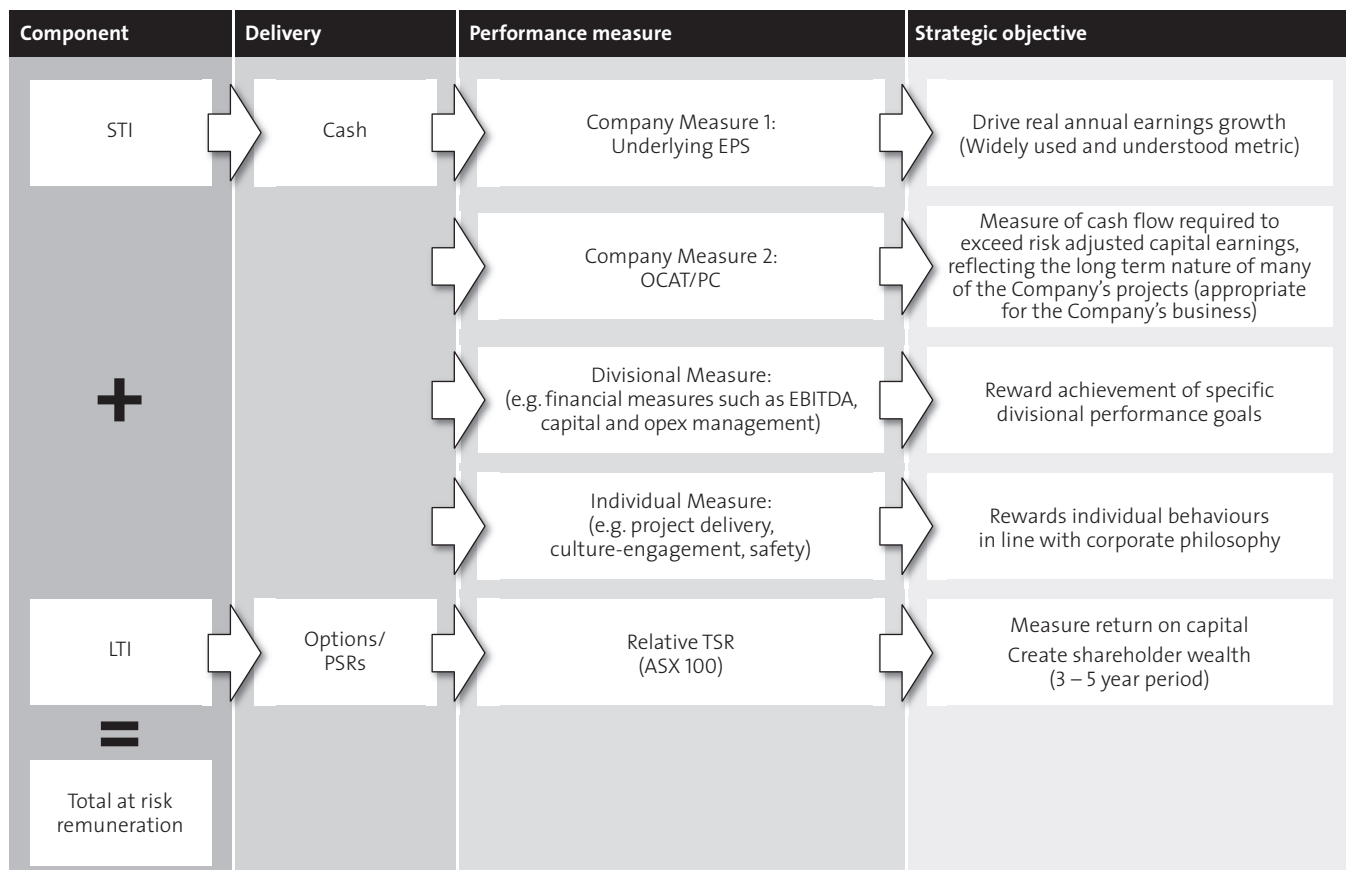
Remuneration Mix at Maximum Outcomes



In determining the appropriate mix of performance hurdles to apply, the Board takes a holistic approach to align performance outcomes with strategic business goals and market expectations. In particular, regard is taken to the overall balance of performance measures for the at risk component to ensure there is an appropriate mix between relative and absolute hurdles, short and long term objectives, and financial and non-financial targets. Particular attention has been paid to the level of deferred pay (see Section 4.6).

The mix has been determined in view of the nature of the Company’s business, its capital intensiveness and length of project gestation. The mix results in a relatively high proportion of at risk pay in the LTI component, making it inappropriate to defer further amounts by deferral of some of the short term component.

The diagram below shows how the at risk component of the Company’s executive remuneration framework is structured to align with strategic objectives.



Remuneration Report for the year ended 30 June 2010 (continued)

4.3 Remuneration Details

There was a freeze on increases in fixed remuneration for Senior Executive Management in 2009. 59% of other Executives did not have salaries adjusted during the year, reflecting conditions in the general market.

Fixed Remuneration	
Fixed Remuneration	Executives are paid a fixed package amount which includes the minimum regulatory Company superannuation contribution. Executives may salary sacrifice from this package additional superannuation and/or benefits such as novated vehicle lease.
Benefits	Benefits include salary continuance insurance, accidental death and disablement, parking and fringe benefits. Some benefits are available through salary sacrifice from fixed package and others are paid in addition to fixed package.
Benchmarking	The level of fixed remuneration is reviewed against the median of the relevant market having regard to the Executive's responsibilities, performance, qualifications, experience and contribution.

A second STI performance measure was adopted in 2009/10: growth in underlying EPS.

Variable Remuneration – STI																												
Performance Period	Performance cycle annual; payment annual.																											
Opportunity Level	The maximum opportunity level is expressed as a percentage of fixed remuneration, and is determined by the Executive's relative influence on company performance. "Target" performance outcomes represent 60% of the maximum level. Senior Executive Management have maximum STI opportunity levels that are determined by their seniority and role. The maximum ranges from 65% to 100% of fixed remuneration (i.e. 39% to 60% at target).																											
Payment Vehicle	Cash-based plan linking specific financial and non-financial targets with the Executive's remuneration.																											
Performance Measures	The Company aligns Executive performance requirements with strategic business goals and market expectations and uses three levels of performance measures:																											
	<table border="1"> <thead> <tr> <th></th> <th>Managing Director</th> <th>Senior Executive Management (average of operational roles)</th> </tr> </thead> <tbody> <tr> <td>Group Financial Targets</td> <td></td> <td></td> </tr> <tr> <td>• OCAT/PC (see Section 1)</td> <td></td> <td></td> </tr> <tr> <td>• Growth in underlying EPS</td> <td>60%</td> <td>33⅓%</td> </tr> <tr> <td>Business Unit Targets</td> <td></td> <td></td> </tr> <tr> <td>Non-Financial (e.g. safety performance, project delivery etc)</td> <td></td> <td></td> </tr> <tr> <td>Business Unit Financial (e.g. opex and capex management, cash flow, EBIT and EBITDA measures etc)</td> <td>–</td> <td>33⅓%</td> </tr> <tr> <td>Individual Targets</td> <td></td> <td></td> </tr> <tr> <td>Personal Key Performance Indicators which may be financial or non-financial and may include culture and engagement and people measures, risk and safety plans etc</td> <td>40%</td> <td>33⅓%</td> </tr> </tbody> </table>		Managing Director	Senior Executive Management (average of operational roles)	Group Financial Targets			• OCAT/PC (see Section 1)			• Growth in underlying EPS	60%	33⅓%	Business Unit Targets			Non-Financial (e.g. safety performance, project delivery etc)			Business Unit Financial (e.g. opex and capex management, cash flow, EBIT and EBITDA measures etc)	–	33⅓%	Individual Targets			Personal Key Performance Indicators which may be financial or non-financial and may include culture and engagement and people measures, risk and safety plans etc	40%	33⅓%
	Managing Director	Senior Executive Management (average of operational roles)																										
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Personal Key Performance Indicators which may be financial or non-financial and may include culture and engagement and people measures, risk and safety plans etc	40%	33⅓%																										
	The STI can be reduced if safety targets are not achieved, or it may be increased or decreased in exceptional circumstances with Board approval.																											
Performance Assessment	Company goals are set, and outcomes approved, by the Board. Division goals are set by the Managing Director and reviewed by the Remuneration Committee. Senior Executive Management performance is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. The Managing Director's performance is assessed and approved by the Board. Payments of annual STI are generally made in September, after the reviews are completed. David Baldwin is on secondment to Contact Energy Limited ("Contact") and his STI is assessed by its Board.																											

Remuneration Report for the year ended 30 June 2010 (continued)

Key Management Personnel (excluding Non-executive Directors)		Maximum STI as a % of fixed remuneration	Actual STI as a % of maximum STI ⁽¹⁾	% of Maximum STI payment not achieved ⁽²⁾	Actual STI payment ⁽³⁾
Grant King	2010	120	72	28	1,820,000
	2009	120	107	0	2,688,000
Karen Moses	2010	100	78	22	900,000
	2009	100	84	16	966,663
David Baldwin ⁽⁴⁾	2010	100	60	40	396,376
	2009	100	30	70	200,147
Frank Calabria	2010	100	81	19	605,000
	2009	100	100	0	747,288
Andrew Stock	2010	85	82	18	525,000
	2009	85	84	16	532,732
Robbert Willink	2010	75	74	26	340,000
	2009	75	54	46	247,050
Paul Zealand	2010	75	65	35	300,000
	2009	75	91	9	415,129
TOTAL	2010		73	27	4,886,376
	2009		87	13	5,797,009

(1) In exceptional circumstances the Board may award more than the maximum to an individual provided that the maximum overall is not exceeded.

(2) Where the actual STI payment is less than maximum potential, the difference is forfeited. It does not become payable in subsequent years.

(3) 2010 STI constitutes a cash bonus granted for the year ended 30 June 2010, determined following the close of 2010 results and paid in September 2010. 2009 STI constitutes a cash bonus granted for the year ended 30 June 2009, determined following the close of 2009 results and paid in September 2009.

(4) NZD/AUD annual average exchange rate 1.2362 at 30 June 2010 (2009: 1.2291).

Variable Remuneration – LTI	
Performance Period	The performance cycle is 3 to 5 years, issued on a rolling annual basis.
Opportunity Level	<p>The maximum opportunity level is expressed as percentage of fixed remuneration. These levels are set by reference to the Executive's role and contribution to the long term and sustainable growth of the Company. The "target" performance represents 60% of the maximum level.</p> <p>Senior Executive Managers have maximum opportunities ranging from 55% to 100% of fixed remuneration (33% to 60% at target) depending on their specific role.</p>
Payment Vehicle	<p>Under the LTI Plan, Executives are granted a combination of:</p> <p>(a) PSRs, which are the right to a fully paid share at no cost; and/or</p> <p>(b) Options, which are the right to a fully paid share at an exercise price equal to the volume weighted average market price for the Company's shares in the five business days leading up to and including the date of grant, that is the market price at issue.</p> <p>For the 2009/10 year the Board has determined a maximum allocation value for 145 executives (including two Executive Directors) of \$19.8 million for all LTI awards. In terms of potential share issuance this equates to a maximum of approximately 0.3% of issued shares.</p> <p>Noting the motivating and retention effect of the LTI Plan and the effect it has had on containing turnover where it currently applies, and following a review of market practices to ensure the Company's remuneration remains competitive, the Board has determined to extend the operation of the LTI Plan to approximately 420 executives in 2010/11. This is forecast to equate to a maximum allocation value of \$30 million and a potential maximum of approximately 0.5% of issued shares.</p> <p>Until this year David Baldwin's LTI had been in the form of Contact equity (refer to Contact's website – www.contactenergy.co.nz). In 2009/10 David Baldwin's LTI delivery was changed to incorporate equity in the Company for alignment with arrangements for other Senior Executive Management, and he will continue to receive equity awards in the Company in future years.</p>

Remuneration Report

for the year ended 30 June 2010 (continued)

Variable Remuneration – LTI									
Performance Measures	<p>Relative TSR assessed at the end of the performance period against the ASX 100 group of companies (as at date of grant). The degree to which the award vests is determined by the Company's percentile ranking against the following scale:</p> <table border="1"> <thead> <tr> <th>TSR Percentile Ranking</th> <th>% of Award Vesting</th> </tr> </thead> <tbody> <tr> <td><50th</td> <td>0%</td> </tr> <tr> <td>50th</td> <td>50%</td> </tr> <tr> <td>75th or higher</td> <td>100%</td> </tr> </tbody> </table> <p>Between the 50th and 75th percentiles the percentage of award vesting increases proportionately. Independent testing of TSR is undertaken at the third anniversary of the grant and awards vest according to the highest ranking achieved. Any balance not vested is carried forward and tested at the fourth anniversary, and similarly for the fifth anniversary.</p> <p>The Board examined re-testing philosophy in 2007 and changed from continuous testing to the two re-tests above. In concluding that this represented an appropriate performance assessment, it is noted that reducing the level of testing results in lower fair valuation of the rights involved, and therefore results in a corresponding increase in the number of rights that must be issued in order to maintain the intended allocation value to the Executive.</p> <p>In respect of Options, vesting requires that the market price exceed the exercise price.</p> <p>The Board believes that TSR as a performance measure is both transparent and robust. Relative TSR is a forward looking measure and represents an assessment of the Company's ability to invest and achieve a return on capital relative to other companies. The Board believes that it is appropriate to measure the Company's TSR against a peer group as it encourages success and competitiveness in attracting capital, employees and customers relative to peers. The use of Options in conjunction with a relative TSR hurdle provides a combination of an absolute and a relative measure (the absolute share price must appreciate in order for the Options to have any value).</p> <p>There have been no changes to the Company's LTI Plan during the year.</p> <p>Details of the grants made to the Executive Directors and Executives during the 2010 financial year are set out in Section 8.4.</p>	TSR Percentile Ranking	% of Award Vesting	<50th	0%	50th	50%	75th or higher	100%
TSR Percentile Ranking	% of Award Vesting								
<50th	0%								
50th	50%								
75th or higher	100%								
Performance Assessment	<p>Prior to 2010 LTI allocations were related to the quantum of STI outcomes. Since 2010 the LTI allocations are based on an assessment of the employee's actual and potential contribution and overall performance, thus breaking a nexus that previously existed between short and long-term performance.</p> <p>The Senior Executive Management team is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. The Managing Director's performance is assessed by the Board.</p> <p>In exceptional circumstances the Board may award more than the maximum to an individual provided that the maximum overall is not exceeded.</p> <p>If the relevant performance conditions are satisfied at the end of the performance period, then the awards will vest and, in respect of:</p> <ol style="list-style-type: none"> the PSRs that vest, upon exercise the executive will be allocated shares in the Company at no cost to the Executive; and the Options that vest, those Options will become exercised upon payment of the exercise price, and the Executive will then be allocated shares in the Company. 								
Equity Grants	<p>The Board's practice of awarding LTI half by value in the form of Options and half as PSRs was continued in 2010. Because the Options and the PSRs have different values, that means an executive will receive a different number of each.</p> <p>The number of Options and PSRs for each Executive is calculated by dividing the allocation value of the LTI award for that Executive by the independently-determined fair market value of the unit Option and/or PSR estimated at the date of grant. The fair value is calculated using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account market conditions and performance hurdles.</p> <p>The recommended number of equity units for Executive Directors is recommended by the Board for approval by shareholders.</p>								
Exercise Period and Forfeiture	<p>Options and PSRs may only be exercised where the performance hurdle has been met, to the extent set out in the vesting table above.</p> <p>Unexercised Options and PSRs expire, lapse, or forfeit:</p> <ol style="list-style-type: none"> Immediately, if there has been termination for cause; Six months after notice of resignation, if there has been a resignation by the employee; or 5¼ years after grant, in all other cases. This means unexercised Options and PSRs remain subject to their performance hurdles and other Plan conditions in the event of genuine retirement, redundancy, Company-initiated transfer of employment, or other termination by the Company without cause. 								

Remuneration Report for the year ended 30 June 2010 (continued)

Variable Remuneration – LTI	
Early Vesting	<p>Early vesting may occur in certain circumstances, subject to the performance hurdle being achieved:</p> <ul style="list-style-type: none"> • On a person/entity acquiring more than 20% of the voting shares in the Company pursuant to a takeover bid that has become unconditional; • On termination of employment due to death or permanent disability; and • In other circumstances where the Board determines appropriate (note: such discretion has never been exercised by the Board and would require exceptional circumstances).
Hedging Policy	<p>The Company's policy requires that employees not trade 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.</p> <p>The Company Secretary monitors adherence to this policy. Non-compliance may result in summary dismissal.</p>
Modifications of Terms of Equity-Settled Share-Based Payment Transactions	No terms of equity-settled share-based transactions (including Options and PSRs granted as compensation to a KMP) have been altered or modified by the issuing entity during the reporting period or the prior period.

4.4 Managing Director's Remuneration Details

Further details on the Managing Director's remuneration arrangements are tabulated below:

Managing Director Remuneration Details	
Fixed remuneration	<p>The Managing Director's fixed remuneration for the financial year to 30 June 2010 was unchanged from the prior year at \$2,100,000.</p> <p>The Board commissioned an external report on chief executive remuneration which provided detailed benchmarks across a range of domestic and international peer groups. The Board concluded from the analysis that it was appropriate to increase the Managing Director's fixed remuneration to \$2,300,000 for the financial year to 30 June 2011.</p>
STI	<p>The maximum STI opportunity level is 120% of fixed remuneration (72% at target). This level will remain unchanged for the financial year to 30 June 2011.</p> <p>60% of the Managing Director's STI is determined on the Company performance measure and 40% on individual measures.</p> <p>Company performance for 2009/10 was determined against two equally weighted measures, OCAT Ratio and growth in Underlying EPS (see Section 1).</p>
LTI	<p>The maximum level for the financial year to 30 June 2010 is 140% of fixed remuneration, maintaining an appropriate balance between short term and long term performance. This level will continue to apply for the financial year to 30 June 2011.</p> <p>The Managing Director has agreed to maintain a substantial shareholding in the Company.</p>

4.5 Contractual Arrangements

The table below sets out the main terms and conditions of the employment contracts of the Managing Director and Senior Executive Management.

Name	Contract Duration	Notice Period	Termination Payments
Grant King	To 30 June 2014	<ul style="list-style-type: none"> • 12 months either party • Immediate for misconduct, breach of contract or bankruptcy • 6 months extended illness 	<ul style="list-style-type: none"> • Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination "without cause", pro rata STI is payable
Senior Executive Management	Ongoing (no fixed term)	<ul style="list-style-type: none"> • Up to 3 months either party • Immediate for misconduct, breach of contract or bankruptcy 	<ul style="list-style-type: none"> • Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination "without cause", pro rata STI is payable • For Company termination "without cause", payment equivalent to 3 weeks' fixed remuneration per year of service capped at 74 weeks; a minimum may also apply (generally 18-22 weeks)

The above represents current arrangements under existing regulations, prior to the amendments to the *Corporations Act 2001 (Cth)* regarding termination payments which came into effect on 24 November 2009. Entitlements under pre-existing contracts are not subject to the new limits on termination payments. The new legislative provisions which will apply to agreements entered into with any KMP appointed after 24 November 2009.

Remuneration Report for the year ended 30 June 2010 (continued)

4.6 The Proportion of Pay that is Deferred

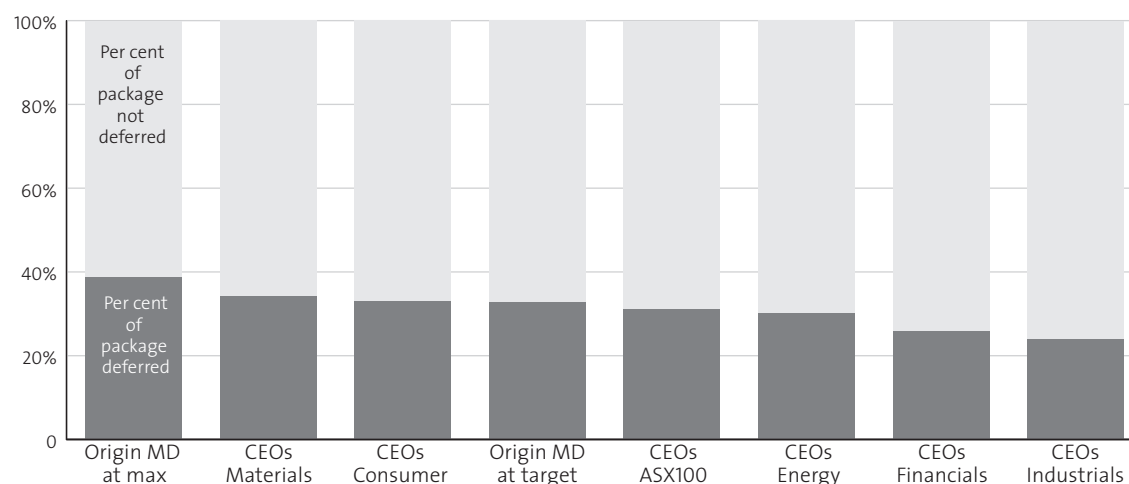
As observed in Section 4.2, the Company's pay mix has been determined appropriate to its capital intensiveness and the nature of its long life assets. These characteristics distinguish it from other sectors, for example the finance sector, and lead it to a pay mix that is more heavily weighted to the LTI component than is generally the case in those other sectors.

For the Managing Director, the LTI component represents the greatest proportion of pay (140% of Fixed Remuneration compared to 120% of Fixed Remuneration for the STI).

The Company does not defer any part of its STI because a significant proportion of pay is in the LTI which is wholly deferred. Although some organisations defer some of their STI component, this is usually associated with pay mixes which have a higher proportion of pay in the short term component.

The figure below shows the deferral level of the Managing Director's package structure (calculated at both maximum and target outcomes) compared to market.

Proportion of pay that is deferred



Source: Guerdon Associates. Based on 2009 public remuneration disclosures using applicable accounting standards.

4.7 Gender Pay Equity

The Company adopts an 'equal pay for equal work' approach to remuneration. During the organisation-wide salary review process, management analyses salary changes by grade level (using grades to represent 'equal work'). Variations that occur are negligible in magnitude, and are monitored in order to prevent and eliminate any persistent gaps or potential systemic bias. The Company's gender distribution has, in common with the energy industry generally, a skew in which females are over-represented in lower-graded jobs and under-represented in higher-graded jobs. The Company is developing targets to improve the gender distribution, and the Board will monitor progress against those targets to foster and develop higher levels of females in senior roles, especially in roles with operational accountabilities.

5. EMPLOYEE RETENTION PLAN

As part of the Company's ongoing operations, from time to time the Board has approved deferred pay retention arrangements used primarily to reduce the risk of loss of employees who manage critical activities, occupy roles that are key to the delivery of operating or strategic objectives, or undertake functions requiring skills that are in short supply and actively sought in the market. The arrangements allow for the key employees to be provided with deferred equity (deferred share rights) or deferred cash payment provided that they remain in employment to a nominated date (generally 2-4 years in the future) and achieve personal performance targets.

The Deferred Share Rights Plan was approved by the Board in early 2010 to provide an equity grant as an alternative to cash. The period of deferral is four years and the equity would be time vesting in equal amounts at the ends of the second, third and fourth year.

As at 30 June 2010, no Deferred Share Rights had been issued, and the number of employees with deferred cash arrangements stood at 31 (2009: 235).

There is no requirement that any retention payment/award be made to an eligible employee on a change of control of the Company. All the retention arrangements that were put in place for key employees during 2008/09 pursuant to the circumstances surrounding the takeover bid by the BG Group and the CSG monetisation process have now been paid out including the contingent retention payments in relation to Senior Executive Management that were reported in 2009 in the Long Term Payments column of the Remuneration Table in Section 8.1.

Remuneration Report for the year ended 30 June 2010 (continued)

6. EMPLOYEE SHARE PLAN

All permanent employees of the Company in Australia and New Zealand (other than Executive Directors) with more than one year of service are eligible to participate in the Employee Share Plan. The Plan provides for an award of up to \$1,000 of shares in the Company if the Company meets specified financial and/or safety targets set by the Board. To be eligible to receive shares, annual performance measures which relate to targeted areas of Company-wide performance must be achieved. Shares awarded under the Plan must be held for at least three years following the award or until the employee ceases employment.

For the year ended 30 June 2010 a safety target was set for combined employee and contractor performance. The target has been met and consequently an award of \$1,000 (pro-rata for part-time employees) is scheduled to be made in September 2010. These shares will be purchased on market.

In addition, as part of the Company's tenth anniversary celebrations, the Board approved a special award of 20 shares to all employees on the same terms as the Employee Share Plan. A total of 69,700 shares were awarded to 3,485 employees on 31 March 2010. Shares for this award were issued.

Other arrangements may apply for employees in operations outside Australia and New Zealand.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

7.1 Policy

The structure of the Non-executive Director Share Plan has been changed following the Government's amendments to the taxation of fee sacrifice for shares schemes – i.e. revisions to the minimum shareholding requirement and minimum fee sacrifice amount – refer Section 7.3 for details.

Policy Objective	Methodology
Promote independence and objectivity	Fees for Non-executive Directors are fixed by role and workload, allowing independent and objective assessment of Executive and Company performance
Attract and retain Directors who have skills required by the Board and with a reputation for directorial skill and ability	Director's fees are set taking into account the fee levels in companies of comparable market capitalisation to the Company
Alignment of Non-executive Directors with shareholder interests and the development of long term value	Purchase of Company's shares by Directors to a minimum holding level of 10,000 shares (rules have been amended for 2009/10 – see Section 7.3 for details)

Non-executive Directors are remunerated by way of base fees and Committee fees (inclusive of superannuation). Directors can elect to receive this in the form of participation in the shareholder-approved Non-executive Director Share Plan.

The level of fees paid is based on the scope of the Directors' responsibilities and the size and the complexity of the Company. The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Board.

7.2 Non-executive Director Fee Structure

The table below shows the structure and level of Non-executive Director fees for the past two years and for the year ending 30 June 2011. Fees during the 2010 year were unchanged from 2009. The increase in fees to operate for the 2011 year was determined following an external benchmarking review by Guerdon Associates. The Guerdon Report indicated that the Chairman and base director fees together with some of the Committee fees were below market and these have been adjusted accordingly. The Audit Committee fees were deemed to be appropriate and have remained unchanged.

Year ending 30 June	2009 and 2010	2011
Board fees		
Chairman	\$570,000	\$620,000
Director	\$160,000	\$180,000
Committee fees		
<i>Audit</i>		
Chairman	\$55,000	\$55,000
Member	\$28,000	\$28,000
<i>Remuneration</i>		
Chairman	\$38,000	\$45,000
Member	\$15,000	\$20,000
<i>Health, Safety & Environment</i>		
Chairman	\$38,000	\$40,000
Member	\$15,000	\$20,000
<i>Risk</i>		
Chairman & members	\$0	\$0
<i>Nomination</i>		
Chairman & members	\$0	\$0

7.3 Non-executive Director Share Plan

Prior to 30 June 2009 the Non-executive Director Share Plan required Non-executive Directors to sacrifice 25% of their gross fees until they hold a minimum of 20,000 shares in the Company. These shares are acquired on-market by the Trustee of the Plan to be held for participating Non-executive Directors. 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.

Following government changes limiting salary sacrifice arrangements to \$5,000, from 1 July 2009 Non-executive Directors may sacrifice up to \$5,000 per annum. In view of the increase in the market price of the Company's shares, the minimum shareholding requirement has been reduced from 20,000 to 10,000 shares within three years of appointment.

No allocations were made under the Non-executive Director Share Plan during the financial year.

Remuneration Report for the year ended 30 June 2010 (continued)

8. REMUNERATION TABLES AND ADDITIONAL REMUNERATION DISCLOSURES

8.1 Remuneration Table for 2010 and 2009

	Year	Short Term Benefits					Total
		Base Salary / Fees	Contact Energy Fees ⁽¹⁾	Variable Remuneration ⁽²⁾	Non-Monetary Benefits ⁽³⁾	Insurance Premiums	
Executive Directors							
Grant King	2010	2,059,048	107,857	1,820,000	12,200	13,592	4,012,697
	2009	2,004,450	72,320	2,688,000	4,800	1,982	4,771,552
Karen Moses	2010	1,108,802	72,804	900,000	13,398	8,329	2,103,333
	2009	1,053,210	44,297	966,663	12,676	1,982	2,078,828
Executives							
David Baldwin ⁽⁶⁾	2010	678,577	–	396,376	–	3,682	1,078,635
	2009	667,155	–	200,147	3,573	614	871,489
Frank Calabria	2010	725,004	–	605,000	12,200	6,137	1,348,341
	2009	699,400	–	747,288	4,800	1,982	1,453,470
Andrew Stock	2010	718,040	–	525,000	4,333	30,320	1,277,693
	2009	648,067	–	532,732	3,733	1,982	1,186,514
Robbert Willink	2010	527,299	–	340,000	4,800	9,057	881,156
	2009	526,102	–	247,050	1,300	1,982	776,434
Paul Zealand	2010	566,771	–	300,000	6,133	7,905	880,809
	2009	508,667	–	415,129	2,283	1,982	928,061
Non-executive Directors							
Kevin McCann	2010	555,528	–	–	929	181	556,638
	2009	608,006	–	–	666	170	608,842
John Akehurst ⁽⁸⁾	2010	126,697	–	–	–	181	126,878
	2009	20,909	–	–	–	–	20,909
Bruce Beeren	2010	188,528	86,556	–	1,053	181	276,318
	2009	240,140	90,621	–	1,108	170	332,039
Trevor Bourne	2010	198,528	–	–	–	181	198,709
	2009	209,000	–	–	–	170	209,170
Gordon Cairns	2010	149,507	–	–	–	181	149,688
	2009	168,188	–	–	–	170	168,358
Helen Nugent	2010	190,008	–	–	2,666	181	192,855
	2009	200,258	–	–	–	170	200,428
Roland Williams	2010	186,592	–	–	–	181	186,773
	2009	197,500	–	–	–	170	197,670
Total ⁽⁹⁾	2010	7,978,929	267,217	4,886,376	57,712	80,289	13,270,523
	2009	7,751,052	207,238	5,797,009	34,940	13,526	13,803,765

(1) Grant King, Bruce Beeren and Karen Moses are the Company's nominees on the Board of Contact.

(2) Variable remuneration includes the STI in respect of the financial year based on achieving personal goals and satisfying specified performance criteria plus any discretionary amounts awarded for exceptional contributions. 2010 STI constitutes a cash bonus granted for the year ended 30 June 2010, determined following the close of 2010 results and paid in September 2010. 2009 STI constitutes a cash bonus granted for the year ended 30 June 2009, determined following the close of 2009 results and paid in September 2009.

(3) Non-monetary benefits include fringe benefits such as car parking and reportable fringe benefits.

(4) Benefits under the Non-Executive Director's Share Plan (refer to Section 7.3) or the fees sacrificed for application toward the purchase of such shares where ultimately the sacrifice has been returned as cash.

(5) Includes restricted shares for Contact fees; retention payments as set out in Section 5; and the fair value of equity rights awarded. The fair value of the Options and PSRs is calculated at the date of grant using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account hurdles. The fair value is allocated to each reporting period evenly over the period from date of grant to the first vesting test date. The value disclosed is the portion of the fair value of the Options/PSRs allocated to this reporting period. In valuing the Options/PSRs, market conditions have been taken into account.

(6) David Baldwin is paid in New Zealand currency. Remuneration is converted to Australian dollars using an annual average exchange rate of \$1.2362 at 30 June 2010 (2009: \$1.2291). Base salary includes holiday pay rate adjustments. Mr Baldwin's fixed remuneration and all or part of his short term variable remuneration is reimbursed by Contact.

(7) Includes Options and restricted shares issues by Contact, and Options and PSRs issued by the Company.

(8) John Akehurst was appointed as a Non-executive Director on 29 April 2009.

(9) All named Executives and Executive Directors are employed and remunerated by the Company and its controlled entities. All Non-executive Directors are remunerated by the Company.

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for the year ended 30 June 2010 (continued)

Post Employment Benefits			Other Long Term Benefits	Long Term Payments		% of Total Remuneration "At Risk"	% of Remuneration in Options & PSRs
Super	NED Long Term Benefits ⁽⁴⁾	Total	Accrued LSL	Retention, Options & PSRs ⁽⁵⁾	Total Remuneration		
40,952	–	40,952	52,500	1,915,458	6,021,607	62%	32%
95,550	–	95,550	115,441	1,109,863	6,092,406	62%	18%
40,000	–	40,000	28,750	1,523,000	3,695,083	66%	41%
96,548	–	96,548	71,665	952,769	3,199,810	60%	14%
–	–	–	–	554,238 ⁽⁷⁾	1,632,873	58%	34%
–	–	–	–	762,988	1,634,477	59%	19%
24,996	–	24,996	9,370	461,972	1,844,679	58%	25%
50,000	–	50,000	15,627	718,564	2,237,661	66%	10%
31,960	–	31,960	18,750	377,766	1,706,169	53%	22%
100,000	–	100,000	65,842	557,441	1,909,797	57%	11%
82,701	–	82,701	(45,750)	189,246	1,107,353	48%	17%
88,450	–	88,450	35,232	401,522	1,301,638	50%	9%
49,896	–	49,896	7,746	220,418	1,158,869	45%	19%
100,000	–	100,000	9,785	500,705	1,538,551	59%	8%
14,472	–	14,472	–	–	571,110		
13,752	–	13,752	–	–	622,594		
12,232	26,767	38,999	–	–	165,877		
1,882	–	1,882	–	–	22,791		
14,472	–	14,472	–	28,313	319,103		
13,752	–	13,752	–	27,120	372,911		
14,472	–	14,472	–	–	213,181		
36,000	–	36,000	–	–	245,170		
13,346	32,565	45,911	–	–	195,599		
15,137	33,093	48,230	–	–	216,588		
14,573	40,102	54,675	–	–	247,530		
13,752	38,440	52,192	–	–	252,620		
14,573	39,186	53,759	–	–	240,532		
13,752	40,365	54,117	–	–	251,787		
368,645	138,620	507,265	71,366	5,270,410	19,119,564		
638,575	111,898	750,472	313,592	5,030,972	19,898,801		

Note: Fixed remuneration (as defined in Section 4.3) is the sum of base salary, non-monetary benefits, and superannuation. Where an Executive's Fixed Remuneration was frozen during the financial year, some variation may occur due to changes in the valuation of non-monetary benefits such as car parking, or changes in the package make-up (for example cash to superannuation or vice versa).

Remuneration Report for the year ended 30 June 2010 (continued)

8.2 Details of Equity Grants

The table below lists the position of all current grants of equity-based incentive grants made to Directors and Executives.

No of Options and PSRs outstanding	Exercise Price	First Exercise Date	Expiry Date	Vested	Number Exercisable ⁽¹⁾	Percentage Exercisable ⁽²⁾
1,433,000	\$7.21	7 Sept 2008 ⁽³⁾	7 Sep 2010	Yes	1,433,000	100
1,370,000	\$6.50	11 Sept 2009 ⁽³⁾	11 Sept 2011	Yes	1,370,000	100
50,000	\$8.97	26 June 2010 ⁽³⁾	26 June 2012	Yes	50,000	100
300,000	\$10.32	28 Sept 2010 ⁽³⁾	28 Sept 2012	Yes	300,000	100
544,000	Nil	28 Sept 2010	28 Dec 2012	No	0	100
100,000	Nil	14 Nov 2010	14 Feb 2013	No	0	100
1,649,000	\$10.32	28 Sept 2010	28 Dec 2012	No	0	100
505,900	Nil	30 Sept 2011	30 Dec 2013	No	0	74
1,274,500	\$16.30	30 Sept 2011	30 Dec 2013	No	0	74
453,200	Nil	28 Sept 2012	28 Dec 2014	No	0	0
1,213,000	\$15.04	28 Sept 2012	28 Dec 2014	No	0	0
150,000	Nil	6 Nov 2012	6 Feb 2015	No	0	54
412,000	\$15.93	6 Nov 2012	6 Feb 2015	No	0	54
4,200	Nil	10 May 2013	10 Aug 2015	No	0	0
11,600	\$15.35	10 May 2013	10 Aug 2015	No	0	0

(1) The performance conditions are described in Section 4.3.

(2) The number of equity instruments exercisable is indicative. The number has been calculated by comparing the Company's TSR to the relevant performance group and applying the performance conditions noted in Section 4.3 as at 30 June 2010. The number of Options and PSRs that become exercisable will be determined at the test date and may be different from that indicated here.

(3) Under the previous Plan rules that applied to these awards early vesting occurred as a result of the announcement on 30 April 2008 by the BG Group that it proposed to acquire more than 20% of the Company's shares.

Remuneration Report for the year ended 30 June 2010 (continued)

8.3 Analysis of movements in Options and PSRs – audited

A summary of the movement in the year to 30 June 2010, by value, of Options and PSRs over ordinary shares in the Company (and Options and Restricted Shares in Contact in the case of David Baldwin) held by the KMP is provided in the table below.

		Value of Options and PSRs		
		Granted ⁽¹⁾ \$	Exercised ⁽²⁾ \$	Lapsed ⁽³⁾
Non-executive Directors				
Kevin McCann		–	–	–
John Akehurst		–	–	–
Bruce Beeren	Options	–	2,346,623 ⁽⁴⁾	–
Trevor Bourne		–	–	–
Gordon Cairns		–	–	–
Helen Nugent		–	–	–
Roland Williams		–	–	–
Executive Directors				
Grant King	Options	1,277,100	4,799,501	–
	PSRs	1,254,960	–	–
Karen Moses	Options	494,500	2,193,797	–
	PSRs	488,040	–	–
Senior Executive Management				
David Baldwin	Options	268,800	–	–
	PSRs	267,260	–	–
	Contact Options	198,998	–	–
	Contact Restricted Shares	123,380	–	–
Frank Calabria	Options	412,160	906,462	–
	PSRs	406,700	–	–
Andrew Stock	Options	246,400	–	–
	PSRs	244,020	–	–
Robbert Willink	Options	112,000	–	–
	PSRs	110,390	–	–
Paul Zealand	Options	170,240	–	–
	PSRs	162,680	–	–

(1) The allocated value of Options and PSRs granted in the year is the fair value calculated at grant date using a binomial option-pricing model which has been independently calculated by Mercers. The value disclosed is the total value of the Options and PSRs. This amount is allocated to remuneration (see Section 8.1) over the vesting period (i.e. from 30 September 2008 to 30 September 2011).

(2) The value of Options and PSRs exercised during the year is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the Options and PSRs were exercised, after deducting the price paid to exercise the Option or PSR where applicable.

(3) No Options or PSRs lapsed during the year.

(4) Relates to equity awarded to Bruce Beeren when an Executive of the Company.

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for the year ended 30 June 2010 (continued)

8.4 Numbers of Options and PSRs granted, exercised and lapsed and associated fair value

Options and PSRs over ordinary shares of the Company (and Options and Restricted Shares in Contact in the case of David Baldwin) granted or vested to the KMP.

		No. of Options & PSRs Granted in year to 30 June 2010	Grant Date	Fair Value ⁽¹⁾	Exercise Price per Option or PSR ⁽¹⁾	Expiry Date	No. of Options & PSRs Vested in year to 30 June 2010
Non-executive Directors							
Kevin McCann		–	–	–	–	–	–
John Akehurst		–	–	–	–	–	–
Bruce Beeren		–	–	–	–	–	–
Trevor Bourne		–	–	–	–	–	–
Gordon Cairns		–	–	–	–	–	–
Helen Nugent		–	–	–	–	–	–
Roland Williams		–	–	–	–	–	–
Executive Directors							
Grant King	Options	297,000	6/11/09	\$4.30	\$15.93	6/2/15	–
	PSRs	108,000	6/11/09	\$11.62	Nil	6/2/15	–
Karen Moses	Options	115,000	6/11/09	\$4.30	\$15.93	6/2/15	–
	PSRs	42,000	6/11/09	\$11.62	Nil	6/2/15	–
Senior Executive Management							
David Baldwin	Options	60,000	28/9/09	\$4.48	\$15.04	28/12/14	–
	PSRs	23,000	28/9/09	\$11.62	Nil	28/12/14	–
	Contact Options	253,609	1/10/09	\$0.78	\$4.65	30/11/14	–
	Contact Restricted	44,728	1/10/09	\$2.76	Nil	30/11/14	–
Frank Calabria	Options	92,000	28/9/09	\$4.48	\$15.04	28/12/14	–
	PSRs	35,000	28/9/09	\$11.62	Nil	28/12/14	–
Andrew Stock	Options	55,000	28/9/09	\$4.48	\$15.04	28/12/14	–
	PSRs	21,000	28/9/09	\$11.62	Nil	28/12/14	–
Robbert Willink	Options	25,000	28/9/09	\$4.48	\$15.04	28/12/14	–
	PSRs	9,500	28/9/09	\$11.62	Nil	28/12/14	–
Paul Zealand	Options	38,000	28/9/09	\$4.48	\$15.04	28/12/14	–
	PSRs	14,000	28/9/09	\$11.62	Nil	28/12/14	–

(1) All values in Australian currency.

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

Options and PSRs expire on the earlier of their expiry date or within six months of notice of resignation of employment. The Options and PSRs are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise Options and PSRs is conditional on the consolidated entity achieving certain performance hurdles. Details of the performance criteria are included in the LTI information in Section 4.3 (and, for Contact, refer to Contact's website – www.contactenergy.co.nz). For Options and PSRs granted in the current year, the earliest exercise date is 28 September 2012 (1 October 2012 for Contact instruments).

8.5 Exercise of Options granted as remuneration

The following shares were issued on the exercise of Options previously granted as remuneration:

	2009/10			2009/10	
	Number of Shares	Amount Paid per Share		Number of Shares	Amount Paid per Share
Non-executive Directors			Executive Directors		
Kevin McCann	–	–	Grant King	500,000	\$6.50
John Akehurst	–	–	Karen Moses	220,000	\$5.72
Bruce Beeren ⁽¹⁾	275,000	\$5.98	Senior Executive Management		
Trevor Bourne	–	–	David Baldwin	–	–
Gordon Cairns	–	–	Frank Calabria	90,000	\$5.72
Helen Nugent	–	–	Andrew Stock	–	–
Roland Williams	–	–	Robbert Willink	–	–
			Paul Zealand	–	–

(1) Relates to equity awarded to Bruce Beeren when an Executive of the Company.

Remuneration Report for the year ended 30 June 2010 (continued)

8.6 Options and PSRs holdings

Movement, during the reporting period, in the number of Options and PSRs over ordinary shares in the Company (and, for David Baldwin, Options over and restricted shares in ordinary shares in Contact) held directly, indirectly or beneficially by the KMP including their related parties:

Year		Held at Year Start	Granted as Compensation	Exercised	Lapsed	Held at Year End	Vested During Year	Vested & Exercisable at Year End	
Non-executive Directors									
Kevin McCann	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
John Akehurst	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
Bruce Beeren	2010 Options	275,000	–	275,000	–	–	–	–	
	2009 Options	550,000	–	275,000	–	275,000	–	275,000	
Trevor Bourne	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
Gordon Cairns	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
Helen Nugent	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
Roland Williams	2010	–	–	–	–	–	–	–	
	2009	–	–	–	–	–	–	–	
Executive Directors									
Grant King	2010	Options	1,700,000	297,000	500,000	–	1,497,000	–	800,000
		PSRs	250,000	108,000	–	–	358,000	–	–
	2009	Options	2,300,000	400,000	1,000,000	–	1,700,000	–	1,300,000
		PSRs	200,000	150,000	100,000	–	250,000	–	–
Karen Moses	2010	Options	822,000	115,000	220,000	–	717,000	–	373,000
		PSRs	87,000	42,000	–	–	129,000	–	–
	2009	Options	733,000	89,000	–	–	822,000	–	593,000
		PSRs	51,000	36,000	–	–	87,000	–	–
Senior Executive Management									
David Baldwin	2010	Options	–	60,000	–	–	60,000	–	–
		PSRs	–	23,000	–	–	23,000	–	–
		Contact Options	525,547	253,609	–	–	779,156	–	–
		Contact Restricted Shares	88,342	44,728	–	–	133,070	–	–
	2009	Options	–	–	–	–	–	–	–
		PSRs	–	–	–	–	–	–	–
		Contact Options	304,895	220,652	–	–	525,547	–	–
		Contact Restricted Shares	57,322	31,020	–	–	88,342	–	–
Frank Calabria	2010	Options	399,000	92,000	90,000	–	401,000	–	196,000
		PSRs	43,500	35,000	–	–	78,500	–	–
	2009	Options	460,000	49,000	110,000	–	399,000	–	286,000
		PSRs	23,500	20,000	–	–	43,500	–	–
Andrew Stock	2010	Options	393,000	55,000	–	–	448,000	–	281,000
		PSRs	43,500	21,000	–	–	64,500	–	–
	2009	Options	345,000	48,000	–	–	393,000	–	281,000
		PSRs	23,500	20,000	–	–	43,500	–	–
Robbert Willink	2010	Options	62,000	25,000	–	–	87,000	–	–
		PSRs	23,500	9,500	–	–	33,000	–	–
	2009	Options	248,000	22,000	208,000	–	62,000	–	–
		PSRs	14,500	9,000	–	–	23,500	–	–
Paul Zealand	2010	Options	65,000	38,000	–	–	103,000	–	–
		PSRs	24,500	14,000	–	–	38,500	–	–
	2009	Options	135,000	21,000	91,000	–	65,000	–	–
		PSRs	16,000	8,500	–	–	24,500	–	–

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8.7 Equity Holdings and Transactions

The table below represents the movement during the reporting period in the number of ordinary shares of the Company (and, in the case of David Baldwin, Contact) held directly, or indirectly or beneficially by the KMP, including their related parties:

	Year	Held at Year Start	Purchases	Received on Exercise of Options/ PSRs	Sales	Held at Year End
Non-executive Directors						
Kevin McCann	2010	277,382	8,863	–	–	286,245
	2009	267,382	10,000	–	–	277,382
John Akehurst	2010	2,000	12,750	–	–	14,750
	2009	–	2,000	–	–	2,000
Bruce Beeren	2010	960,020	–	275,000	–	1,235,020
	2009	725,020	–	275,000	40,000	960,020
Trevor Bourne	2010	45,372	1,450	–	–	46,822
	2009	45,017	355	–	–	45,372
Gordon Cairns	2010	48,089	11,850	–	6,000	53,939
	2009	4,884	43,205	–	–	48,089
Helen Nugent	2010	25,953	5,106	–	–	31,059
	2009	22,500	3,453	–	–	25,953
Roland Williams	2010	45,420	1,451	–	–	46,871
	2009	42,393	3,027	–	–	45,420
Executive Directors						
Grant King	2010	909,958	29,981	500,000	500,000	939,939
	2009	307,741	2,217	1,100,000	500,000	909,958
Karen Moses	2010	198,586	–	220,000	198,586	220,000
	2009	233,526	60	–	35,000	198,586
Senior Executive Management						
David Baldwin	2010	–	–	–	–	–
	2009	–	–	–	–	–
Frank Calabria	2010	90,973	20	90,000	90,000	90,993
	2009	20,913	377	110,000	40,317	90,973
Andrew Stock	2010	448,048	20	–	–	448,068
	2009	487,838	210	–	40,000	448,048
Robbert Willink	2010	413,693	1,777	–	–	415,470
	2009	214,684	2,541	208,000	11,532	413,693
Paul Zealand	2010	91,120	20	–	–	91,140
	2009	175,060	60	91,000	175,000	91,120

Remuneration Report for the year ended 30 June 2010 (continued)

8.8 Equity Holdings and Transactions

Details of the vesting profile of the Options and PSRs in the Company (and, for David Baldwin, Options and restricted shares in Contact) granted as remuneration during the reporting period to the KMP:

	Options & PSRs granted					
	Type	Number	Date	Percentage Vested in Year	Forfeited in Year ⁽¹⁾	Vesting Date
Non-executive Directors						
Kevin McCann	–	–	–	–	–	–
John Akehurst	–	–	–	–	–	–
Bruce Beeren	–	–	–	–	–	–
Trevor Bourne	–	–	–	–	–	–
Gordon Cairns	–	–	–	–	–	–
Helen Nugent	–	–	–	–	–	–
Roland Williams	–	–	–	–	–	–
Executive Directors						
Grant King	Options	297,000	6/11/09	–	–	6/11/12
	PSRs	108,000	6/11/09	–	–	6/11/12
Karen Moses	Options	115,000	6/11/09	–	–	6/11/12
	PSRs	42,000	6/11/09	–	–	6/11/12
Senior Executive Management						
David Baldwin	Options	60,000	28/9/09	–	–	28/9/12
	PSRs	23,000	28/9/09	–	–	28/9/12
	Contact Options	253,609	1/10/09	–	–	1/10/12
	Contact Restricted Shares	44,728	1/10/09	–	–	1/10/12
Frank Calabria	Options	92,000	28/9/09	–	–	28/9/12
	PSRs	35,000	28/9/09	–	–	28/9/12
Andrew Stock	Options	55,000	28/9/09	–	–	28/9/12
	PSRs	21,000	28/9/09	–	–	28/9/12
Robbert Willink	Options	25,000	28/9/09	–	–	28/9/12
	PSRs	9,500	28/9/09	–	–	28/9/12
Paul Zealand	Options	38,000	28/9/09	–	–	28/9/12
	PSRs	14,000	28/9/09	–	–	28/9/12

(1) 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.

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