

Rules of the Origin Energy Senior Executive Option Plan - 2009

Note: These rules were developed in accordance with Shareholder approval, received at the 13 November 1995 Annual General Meeting of Boral Limited. The Exercise Price and Exercise Hurdle set out respectively in paragraphs 3.1(a) and 3.2(a), below, applied to the initial offer of Options, all of which were made before the 1996 Annual General Meeting of Shareholders.

1. Establishment of the Origin Energy Senior Executive Option Plan
 - 1.1 The purpose of the Plan is to:
 - (a) attract quality Senior Executives to Origin Energy;
 - (b) motivate and retain Senior Executives of Origin Energy;
 - (c) create commonality of purpose between the Senior Executives and Origin Energy;
 - (d) add wealth to all shareholders by motivating the Senior Executives; and
 - (e) enable the Senior Executives to share the rewards of the success of Origin Energy.
 - 1.2 The Plan shall take effect on the date that the shareholders of the Company approve the establishment of the Plan pursuant to the ASX Listing Rules.
 - 1.3 The Plan may be terminated or suspended at any time by resolution of the Board. Termination or suspension of the Plan pursuant to this clause 1.3 shall not affect the rights of Senior Executives who were granted Options prior to such termination or suspension.
 - 1.4 The Plan may be amended from time to time by resolution of the Board subject to the shareholders of the Company approving any such amendment to the Plan in accordance with the ASX Listing Rules.
 2. Administration of the Plan
 - 2.1 The Plan shall be administered by the Board which shall have power to:
 - (a) determine appropriate procedures for administration of the Plan consistent with the Rules;
 - (b) resolve conclusively all questions of fact or interpretation in connection with the Plan; and
 - (c) determine, in accordance with clause 3, the Exercise Price and Exercise Hurdle in respect of any Options offered to a Senior Executive.
 - 2.2 Subject to clause 4, the number of Options (if any) to be offered from time to time to Senior Executives and the time at which Options may be offered to Senior Executives shall be determined by the Board in its discretion.
 3. Exercise Price and Exercise Hurdle
 - 3.1 (a) The Exercise Price in respect of the first offer of Options to Senior Executives made after the commencement of the Plan will be \$3.60.
 - (i) the volume weighted average price of Shares traded on the ASX on each of the five Business Days immediately before the date that the Board approves the offer of the Option to the Senior Executive or such other dates as the Board may determine; and
 - (ii) such margin, if any, over the price determined pursuant to paragraph (b)(i) above as may be specified by the Board in its absolute discretion,
 - (b) In relation to subsequent offers of Options under the Plan, the Board will determine the Exercise Price in respect of each Option offered to a Senior Executive which shall be the sum of:
 - (i) the volume weighted average price of Shares traded on the ASX on each of the five Business Days immediately before the date that the Board approves the offer of the Option to the Senior Executive or such other dates as the Board may determine; and
 - (ii) such margin, if any, over the price determined pursuant to paragraph (b)(i) above as may be specified by the Board in its absolute discretion,
 - 3.2 (a) The Exercise Hurdle in respect of the first offer of Options to Senior Executives made after the commencement of the Plan will be that the average of the last sale price of Shares traded on the ASX for any twenty consecutive trading days at any time after the date of the grant of those Options must have been greater than or equal to \$3.94.
 - (b) In relation to subsequent offers of Options under the Plan, the Board will determine an Exercise Hurdle in respect of each Option to be offered to a Senior Executive which must be attained before that Option may be exercised.
 - (c) If, during the life of any Option:
 - (i) Shares are offered for subscription by the Company in the circumstances described in clause 9.2;
 - (ii) Shares are issued by the Company in the circumstances described in clause 10.1; or
 - (iii) any reconstruction of the issued capital of the Company occurs as described in clause 11;
4. Number of Options to be Offered

The Company shall not offer or issue any invitations to subscribe for any Options to a Senior Executive under the Plan if the total number of Shares which would be issued if those Options were to be exercised at that time, when aggregated with:

 - (a) the number of Shares which would be issued on the exercise of any outstanding Options and on the exercise of any Options which would be granted if all other outstanding offers or invitations to acquire Options were accepted;
 - (b) the number of Shares which would be issued on the exercise of any other options granted by the Company to Senior Executives, including executive directors;
 - (c) the number of existing Shares which at that date are held on trust for the members of the

Origin Energy Executive Share Plan by the trustee of that Plan;

- (d) the number of shares issued pursuant to the Origin Energy Employee Share Plan in respect of which moneys are owing by the participants in that Plan to the Company or the participant's employer under loans made to participants to subscribe for shares under that Plan,

exceeds 5% of the total number of issued Shares at the time of such offer or invitation.

5. Offer of Options

5.1 The Board in its discretion may from time to time, subject to the terms of the Plan, resolve to offer Options to a Senior Executive or Senior Executives for such consideration, which may be nominal, as the Board may determine. Any offer of Options shall be personal and shall not be assignable.

5.2 Each offer of Options pursuant to the Plan must:

- (a) be in writing;
- (b) be made in accordance with the Corporations Act, the ASX Listing Rules and these Rules; and
- (c) otherwise be on the terms which the Board may in its discretion from time to time determine.

5.3 Each offer of Options must:

- (a) be accompanied by a copy of these Rules;
- (b) specify the Exercise Price (or specify how it is to be determined), the Exercise Hurdle, the consideration, if any, payable on the grant of the Options and the period of the offer and the manner of its acceptance.

5.4 A Senior Executive may accept the offer of Options within such time as is specified in the offer document.

6. Grant of Options

6.1 Where the Company receives a valid acceptance of an offer of Options pursuant to these Rules, it shall grant the Options to the Senior Executive within five Business Days of receipt of the valid acceptance and shall issue to the Senior Executive a certificate in respect of the Options granted (including on the back of the certificate a notice of exercise of the Option).

6.2 Options must be issued in accordance with these Rules and each Senior Executive to whom Options are granted will be taken to have agreed to be bound by these Rules and the terms upon which those Options were granted.

6.3 The Options will not be listed on any stock exchange.

6.4 The Options are not transferable except with the prior approval of the Board.

7. Right to Exercise Options

7.1 Options, once granted, may be exercised at any time during the period specified in clause 7.2, PROVIDED THAT:

- (a) the Exercise Hurdle in respect of those Options has been attained; and
- (b) the acquisition of Shares pursuant to the exercise of the Options does not contravene the

Corporations Act, the ASX Listing Rules or any policy established by the Company applicable to dealing in Shares by Senior Executives.

7.2 The Options may only be exercised during the period commencing on the earliest of:

- (a) the third anniversary of the date of grant of the Options;
- (b) the day on which any person:
- (i) who does not have any voting power in the Company or has less than 20% voting power in the Company, makes an acquisition of shares; or
- (ii) announces or gives the Company notice of a proposal under which the person intends to make an acquisition of shares,

being in either case, an acquisition as a consequence of which that person's voting power in the Company increases to more than 20%;

- (c) upon the termination of the employment of the Senior Executive due to his or her death or permanent disablement;
- (d) upon the termination of the employment of the Senior Executive in circumstances where the Board in its absolute discretion determines that the Options should be exercisable;

and ending on the earliest of:

- (e) five years and three months from the date of issue of the Options;
- (f) the day which is six months after the death of the Senior Executive; and
- (g) the day on which the Option lapses pursuant to clauses 7.3(b) or (c).

7.3 An Option shall lapse if it has not been exercised by:

- (a) the earlier of the days specified in clauses 7.2(e) and (f); or
- (b) the day on which the Senior Executive ceases to be employed by Origin Energy by reason of the exercise by the Company or any of its Controlled Entities of an express right of termination specifically conferred by the terms of the Senior Executive's employment as a consequence of the Senior Executive's misconduct, wilful neglect in the discharge of his or her duties, serious or persistent breach of the provisions of the terms of his or her employment, the Senior Executive being charged with a criminal offence which in the reasonable opinion of the Board brings the Company, or any of its Controlled Entities, into serious disrepute, the Senior Executive becoming bankrupt or insolvent or making an arrangement with his or her creditors generally or the Senior Executive becoming ineligible to hold the office as a director of a company;
- (c) unless otherwise determined by the Board in its absolute discretion, the expiration of the period of six months after the Senior Executive gives notice of termination of employment (whether or not the Senior Executive abridges that notice or the Company or any of its Controlled Entities and the Senior Executive agree to abridge or waive that notice).

- 7.4 Options may be exercised on one occasion with respect to all of the Options held by a Senior Executive or on each of several occasions with respect to part of those Options, but in that case the Options must be exercised in a minimum of 10,000 Options and in multiples of 10,000 Options.
8. **Manner of Exercise of Options**
- 8.1 Options may only be exercised by delivery to the Company's Secretary (at a time when the Options may be exercised) of:
- the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
 - a notice addressed to the Company and signed by the Senior Executive stating that the Senior Executive exercises the Options and specifying the number of Options which are exercised; and
 - payment to the Company in cleared funds of the Exercise Price in respect of which the Options are exercised.
- 8.2 If the items specified in clause 8.1 are delivered in accordance with that clause, the Company shall:
- immediately allot to the Senior Executive the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under clause 10 in consequence of the exercise of the Options;
 - where the Senior Executive elects to hold the Shares on the Company's certificated subregister, deliver to the Senior Executive a certificate for the Shares so allotted; and
 - cancel the certificate delivered pursuant to clause 8.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Senior Executive a replacement certificate for the Options to reflect the number of those Options which remain unexercised.
- 8.3 If the Senior Executive has died, the Senior Executive's legal personal representative shall stand in the place of the Senior Executive for the purposes of clauses 8.1 and 8.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of Shares held by the Senior Executive.
- 8.3A
- From and including the date of allotment to a Senior Executive of any Shares in accordance with these Rules, the Senior Executive must not sell or transfer those Shares if to do so would be in breach of the insider trading provisions of the Corporations Act (Part 7.10 Division 3), any other applicable law or any Securities Dealing Policy.
 - Without limiting the scope of clause 8.3A(a), the Company may implement any arrangements (including applying a holding lock), and do all
- things in the opinion of the Board necessary or desirable, for the purpose of preventing a breach of clause 8.3A(a) and each Senior Executive agrees to the Company effecting those arrangements or doing those things.
- 8.4 From and including the date of allotment to a Senior Executive of any Shares in accordance with these Rules the Senior Executive shall
- be the absolute indefeasible beneficial owner of those Shares; and
 - subject to clause 8.3A, the Corporations Act, the ASX Listing Rules and any Securities Dealing Policy established by the Company applicable to Senior Executives, be entitled to sell, transfer, dispose of, mortgage, pledge or otherwise deal with those Shares or any interest therein in every manner whatsoever.
- 8.5 In the case where a Senior Executive dies or becomes bankrupt the legal personal representative of the deceased Senior Executive or the trustee in bankruptcy of the bankrupt Senior Executive shall be the only person recognised as having any title to the Shares of the Senior Executive issued in accordance with the Options.
- 8.6 Shares issued on exercise of an Option shall rank *pari passu* in all respects with Shares already on issue on the date of exercise of the Option.
- 8.7 After Shares have been allotted pursuant to clause 8.2, the Company will promptly make application for official quotation of those Shares on the ASX.
9. **Adjustment for Rights Issue**
- 9.1 A Senior Executive may only participate in a new issue of Shares or other securities of the Company to holders of Shares if the Option has been exercised in accordance with its terms before the record date for determining entitlements to the issue.
- 9.2 If, during the life of any Option there is a pro rata issue (except a bonus issue or otherwise than pursuant to any of the Current Plans) to the holders of ordinary shares, the Exercise Price shall be reduced according to the following formula:
- $$O' = O - \frac{E [P - (S + D)]}{N + 1}$$
- where:
- O' = the new exercise price of the option;
- O = the old exercise price of the option;
- E = the number of underlying securities into which one option is exercisable;
- P = the average market price (the closing price on SEATS, excluding special crossings, overnight sales and exchange traded option exercises) per security (weighted by reference to volume) of the ordinary shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
- S = the subscription price for a security under the pro rata issue;

- D = the dividend due but not yet paid on existing ordinary shares (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10. Adjustment for Bonus Issue

- 10.1 If, during the life of any Option, securities are issued pro rata to the Company's shareholders generally (otherwise than pursuant to any Current Plan) by way of bonus issue, the Senior Executive shall be entitled, upon later exercise of that Option, to receive in addition to the number of Shares comprised in the Option an allotment of so many additional securities as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares comprised in the Option exercised.
- 10.2 Additional securities to which the Senior Executive becomes so entitled shall, as from the time securities are issued pursuant to the bonus issue and until those additional securities are allotted, be regarded as securities comprised in the relevant Option for the purposes of subsequent applications of clause 10.1 and any adjustments which, after the time just mentioned, are made under clause 11 to the number of securities comprised in an Option shall also be made to the additional securities as if they were securities comprised in the Option.

11. Adjustment for Reconstruction etc.

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in clauses 9.2 and 10 above), the number of Options or the exercise price of the Options (or both) shall be reconstructed (as appropriate) in accordance with the Listing Rules of the ASX (applying at that time) and in a manner which will not result in any additional benefits being conferred on a holder of an Option which is not conferred on holders of Shares, but in all other respects the terms of exercise will remain unchanged.

12. Cumulation of Adjustments

Full effect shall be given to clauses 9.2, 10 and 11 as and when occasions of their application arise and in such manner that the effect of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect shall be such as to reflect in relation to the Shares and securities comprised in an Option the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

13. Participation in Other Opportunities

If, during the life of any Option, securities of any other corporation are offered or otherwise made available to the Company's shareholders generally, the Company will use its best endeavours to ensure that the Senior Executive is given an opportunity to participate on the same basis as if he or she had then held the Shares the subject of Options.

14. Rights and Obligations of Senior Executives

- 14.1 All Senior Executives shall be entitled to the benefit of and shall be bound by the terms and conditions of the Rules and any amendments thereto.

- 14.2 Whenever the Board exercises a discretion pursuant to the Rules the exercise of that discretion shall be in the sole and absolute discretion of the Board and each decision shall be conclusive, final and binding upon Senior Executives.

- 14.3 The Plan shall not form part of any contract between any corporation within Origin Energy and any Senior Executive and shall not confer directly or indirectly on any Senior Executive any legal or equitable rights whatsoever against any corporation within Origin Energy (other than rights as a Senior Executive under the Plan against the Company).

15. General Provisions

- 15.1 Every report and other document sent by the Company to its shareholders generally shall, during the life of any Option, be sent also to the holders of any Options.
- 15.2 Whenever the number of securities comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company shall give notice of the adjustment to the Senior Executive and the ASX together with calculations on which the adjustment is based.
- 15.3 Any notice to be given by the Company to the Senior Executive shall be taken to have been given if served personally on the Senior Executive or left at his or her last known place of residence.

16. Governing Law

The Rules shall be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales, Australia.

17. Definitions

- 17.1 In these Rules, unless the context otherwise requires:
- "ASX" means Australian Securities Exchange;
- "ASX Listing Rules" means the Official Listing Rules of ASX;
- "Board" means the Board of Directors of the Company from time to time;
- "Origin Energy" means the group of corporations constituted by the Company and its Controlled Entities;
- "Business Day" has the same meaning as in the Listing Rules;
- "Company" means Origin Energy Limited;
- "Controlled Entities" means any of those entities which are controlled by the Company for the purposes of Section 50AA of the Corporations Act;
- "Current Plans" means the Company's Dividend Reinvestment Plan and the Company's Employee Share Plan as in force from time to time;
- "Entity" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- "Exercise Hurdle" means in relation to each Option, the exercise hurdle determined in accordance with clause 3.2;

"Exercise Price" in respect of an Option, means the exercise price of an Option determined in accordance with clause 3.1 as varied or adjusted in accordance with these Rules;

"life" means, in relation to an Option, the period between grant of the Option and its lapse pursuant to clause 7.3;

"Option" means an option granted pursuant to these Rules to subscribe for a Share upon and subject to the terms of these Rules and the terms of the issue of the Option;

"Permanently Disabled" in relation to a Senior Executive means a Senior Executive who is deemed, at the discretion of the Board, to be totally and permanently disabled and "Permanent Disablement" has the equivalent meaning;

"Plan" means the Origin Energy Senior Executive Option Plan as administered in accordance with these Rules;

"Rules" means the terms and conditions of the Plan as amended from time to time;

"Securities Dealing Policy" means any policy established by the Company applicable to trading in securities of the Company.

"Senior Executive" means any senior executive engaged in the full time employment of Origin Energy and includes an executive director of the Company engaged in the full time employment of Origin Energy; and

"Shares" means fully paid ordinary shares in the capital of the Company or, if at any time the Company's issued ordinary share capital consists of ordinary shares of some other description by virtue of an event of a kind dealt with by clause 11, those ordinary shares.

- 17.2 Words importing gender include each other gender; the singular includes the plural and vice versa; headings shall not be taken into account in the interpretation of these Rules; and references to any statutes or sections shall include all statutes or sections amending, consolidating or replacing the statutes or sections referred to.
- 17.3 These Rules, the offering and granting of any Options, the rights attaching to the Options granted and the issue of any Shares pursuant to the exercise of Options shall at all times be subject to the ASX Listing Rules and Corporations Act applying at that time.
- 17.4 A reference to the Shares comprised in an Option is a reference to the Shares for which the Senior Executive has for the time being an Option to subscribe by reason of the grant to him or her of that Option, including any securities resulting from an adjustment made pursuant to these Rules.
- 17.5 A reference to an offer, issue or distribution to the Company's shareholders generally is a reference to an offer, issue or distribution to the generality of the holders for the time being of Shares, whether or not including holders of other securities issued by the Company and whether or not including persons in particular places outside Australia or other minority groups who may for a particular reason be excluded from participation.
- 17.6 A reference to the ordinary course of trading on the ASX shall be interpreted in accordance with the Corporations Act.

17.7 Clause 7.2(b) shall be interpreted as if it were a provision contained in Chapter 6 of the Corporations Act.

17.8 Where any calculation or adjustment to be made pursuant to these Rules, produces a fraction of a cent or a fraction of a share, the fraction shall be eliminated by rounding to the nearest whole number favourable to the Senior Executive.