



MANAGING DIRECTOR'S ADDRESS ANNUAL GENERAL MEETING 31 OCTOBER 2007

I trust you will agree that it has been a busy and challenging year. I hope that Origin shareholders have been able to follow the progress of your Company over the past year through the many ASX releases and media comments on the Company.

Given the continued reporting on the Company's progress, I would like to focus this brief presentation today on three areas that I think will be of interest to shareholders. They are:

- The key developments and issues that shaped a busy year;
- Some key changes that have occurred this year and that will impact the future development of our industry;
- Factors that will influence our outlook for the year ahead.

Key Developments

In November we were the successful acquirer of Sun Retail for \$1.2 billion.

The acquisition more than doubled the size of our electricity business, gave us a large exposure to the Queensland energy market, provided a material addition to our LPG business and included a consented site for a gas fired power station at Braemar in Queensland.

The integration of the electricity retail business and the LPG business has proceeded effectively and the power station site is now the location of our Darling Downs Power Station project - which I will discuss shortly. We are comfortable that the assumptions that we made about the business at the time of acquisition remain appropriate.

This acquisition was funded by a net \$473 million equity raising and immediately triggered the announcement of the sale of our Network business, ultimately to APA for \$556 million.

This business has been an important contributor to earnings and cash-flow. However, it is not central to Origin's strategy of being a fuel-integrated generator/retailer and the continued development of that business is better undertaken by others.

The Chairman has already mentioned the approach by AGL in December to merge AGL and Origin. This was an unexpected approach, but one that was seriously reviewed. It was ultimately rejected on the basis that the proposed terms did not appropriately reflect the relative value of the Companies. This judgement by your

Board and management has, by virtue of subsequent events, proven to be correct. Importantly however, the approach by AGL and the close scrutiny by analysts, investors and the media, did draw attention to the longer term value that resides in Origin's business and strategy.

In the last quarter of the year, we announced we were proceeding with the development of the Darling Downs Power Station and associated Coal Seam Gas developments, as well as a large long term contract for the sale of CSG to Rio Tinto. These projects will require approximately \$1.5 billion of capital investment between now and 2010. On completion of these projects our CSG production will be around 100 PJ per annum.

In addition to these key developments our Bass Gas project commenced commercial production in September 2006 and will produce over 20 PJ of gas per year with approximately 1.4 million barrels of condensate and LPG. Origin is purchasing all of the sales-gas from this project for its Retail business.

Commissioning has commenced on the Otway Project with stable production forecast by the operator, Woodside, by January next year. The delay in the project is regrettable and we are looking forward to the contribution to earnings that the project will make in the new year. Gross production from the project will be 60 PJ of gas per annum plus around 1.8 million barrels of condensate and LPG. Origin has a 31% share of the project, and will purchase almost half of the gas from the project.

We have also made significant progress on our Kupe project in New Zealand. Fabrication of the platform jacket and topsides is now complete. The jacket has already been transported to New Zealand and the jack-up rig to be used to install the platform and drill the Kupe wells is also now on location in New Zealand.

As with many major projects in the upstream petroleum industry, we are under schedule and cost pressures on the project but are still targeting a mid 2009 completion. It will produce over 20 PJ of gas per annum and around 2 million barrels of liquids per annum.

Our share of capital expenditure on all these projects is over \$2.5 billion, illustrating that we have been and will continue to be involved in a period of significant capital expenditure which will drive the Company's growth.

All these opportunities are reflective of the consistent implementation of our integrated strategy.

We consistently contend that one of the key virtues of this strategy is to help us better manage financial risks that arise in our industry.

This contention was tested in the last quarter of the financial year when we saw very volatile wholesale prices in electricity and gas markets in Eastern Australia, largely due to effects of the prolonged drought. Our integrated strategy and risk management processes helped to manage this volatility effectively.

In short, it has been both a challenging and exciting year, but ultimately one of great progress for your Company.

Key Changes in our Industry

During the year, there have been a number of changes that will have long term impacts on the development of the energy industry.

In the second half of 2006, when Santos and AGL bid for Queensland Gas Company, the potential of CSG became evident to the market.

We began investing in CSG about 10 years ago with a belief in the potential of this resource.

At the end of the financial year we announced a major increase in our CSG reserves of over 1000 PJ, bringing our proved and probable CSG reserves to 2,470 PJ. Our 3P reserves are now over 4,500 PJ and we believe that it is realistic to talk in the long term of CSG reserves for the industry as a whole of between 15,000 - 30,000 PJ.

This has dramatically and permanently changed the supply/demand balance for natural gas in Eastern Australia causing projects like the proposed PNG pipeline to be abandoned, providing a fuel for gas fired power generation which is significantly less carbon intensive than coal and resulted in proposals for the development of an LNG industry in Eastern Australia.

Origin's leading position in CSG sees us well placed to benefit from this change.

The other major change of great importance to the energy industry in Australia is the now bipartisan political recognition of the need for an effective response to the challenge of climate change. It now seems certain that irrespective of the outcome of the coming election we will see the introduction of an emissions trading scheme.

The need to materially reduce greenhouse gas emissions between now and 2020 and achieve dramatic redirection by 2050 is the most important commercial and technological challenge for the energy industry globally. It is important that Origin is now properly positioned across both traditional and new thermal as well as renewable technologies to ensure we respond effectively to this long term challenge.

Our investment in new high efficiency gas fired, combined cycle power generation, our increased investment in geothermal opportunities and solar R&D, our voluntary carbon reduction trading scheme and our market leading position in green power retail products for consumers are all evidence of commitment to effectively respond to this long term challenge.

Outlook

I am aware that recent events may have caused increased investor interest in our outlook for the current year.

At our full year results announcement we said that we expected underlying profit for the coming year to be approximately 15% higher than the prior year assuming that the then current market circumstances prevailed. Key issues that could

impact on this outlook included the timing of reaching full production on the Otway project and material movements in exchange rates, particularly in US and NZ currencies.

Whilst there has been significant increases in the \$US / \$A exchange rate, oil price increases have largely offset this effect. The weakening of the \$NZ is affecting, but not materially changing, the \$A contribution from Contact Energy which, as we have previously indicated, we expect to be consistent with the prior year.

Churn in retail markets remained quite high, particularly but not surprisingly in the Queensland market where full retail contestability was recently introduced. Customer margins across our business are consistent with our expectations.

Following the volatility of wholesale electricity prices in the June quarter, the first quarter of this financial year has been characterised by relatively benign conditions resulting in flat but somewhat higher electricity prices. This lack of volatility affects returns from our wholesale electricity hedges. Some volatility has returned with the onset of hotter weather in October. In our experience, and when considering our commodity mix, we would expect this trend to even out across the year.

Summary

In summary, it has been an extraordinary year of development and change for your Company. We have been strengthened by the challenges that the year has presented us with and we believe we are well placed to continue the development and growth of Origin.

Your management and all employees have worked very hard this year. Importantly, as the Chairman has mentioned, we also improved our safety performance and we continue to strive for further improvement. I greatly appreciate the support of my colleagues in the management team and from all the employees at Origin.

I can also assure you that your Board has yet again given generously of their time and experience to support and guide the Company.

I trust that all our shareholders support our enthusiasm to respond to and benefit from the challenges and the opportunities that we see ahead of us.