



Remuneration Report for the year ended 30 June 2008

This report forms part of the Directors' Report for
the year ended 30 June 2008

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Remuneration report

The report is presented in seven sections:

- Section 1:** Board oversight of remuneration;
- Section 2:** Overview of company performance and remuneration;
- Section 3:** Executive Director and Executive remuneration;
- Section 4:** Employee Retention Plan;
- Section 5:** Employee Share Plan;
- Section 6:** Non-Executive Director remuneration; and
- Section 7:** Director and key management personnel remuneration disclosures

1. Board oversight of remuneration

1.1 Remuneration Committee

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

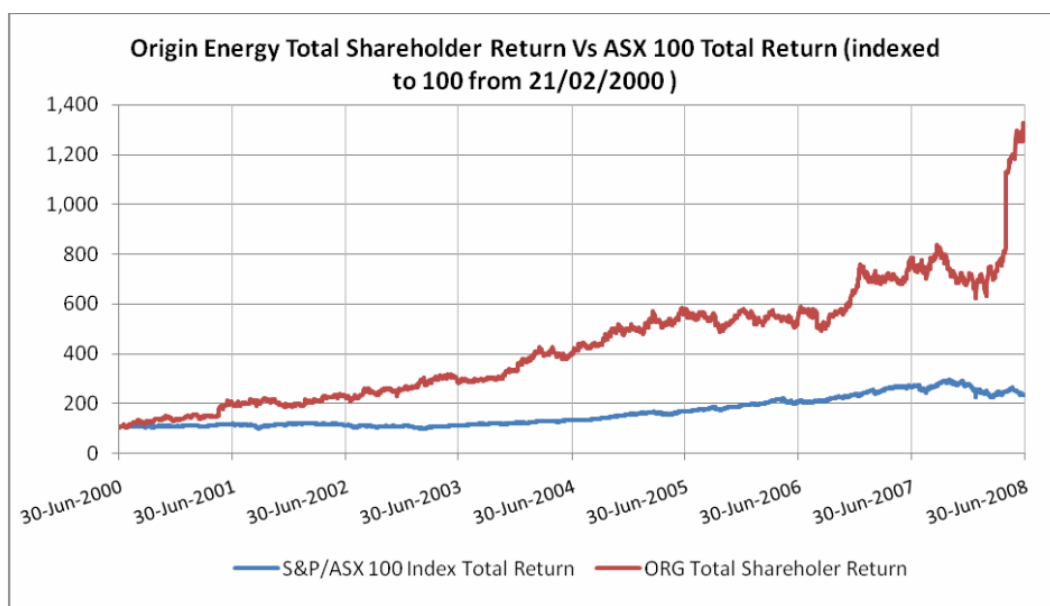
1.2 Remuneration advice

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

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

2. Overview of company performance and remuneration

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



Source: Guerdon Associates, Bloomberg

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

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

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

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

3. Executive Director and Executive remuneration

3.1 Remuneration objective

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

3.2 Executive remuneration structure

Remuneration of executives is structured in two parts:

- Fixed remuneration
- At-risk remuneration

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

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

3.3 Determining remuneration levels

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

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

3.4 Linking pay with performance

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

3.4.1 Short-term incentives

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

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

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

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

3.4.2 Long-term incentives

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

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

Long-term incentives granted in September 2007 were divided between share options and performance share rights over ordinary Origin Energy Limited shares. The number of options and performance share rights granted to each executive is

calculated by dividing the value of the long-term incentive award for the executive by the fair market value of the options and performance share rights estimated for the grant date in accordance with applicable accounting standards.

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

3.4.2.1 Senior Executive Option Plan

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

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

Details of options issued to the specified senior executives over the year are detailed in the table on page 16.

3.4.2.2 Performance Share Rights Plan

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

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

Details of performance share rights issued to the specified senior executives over the year are detailed in the table on page 16.

3.4.2.3 Table of options and rights

Table 1A

Number of options and rights outstanding	Exercise price	First exercise date	Expiry date	Vested	Number exercisable	Percentage exercisable
1,599,000	\$4.15	19 December 2006	19 December 2008	Yes	1,599,000	100%
775,000	\$5.98	6 August 2007	6 August 2009	Yes	775,000	100%
1,517,200	\$5.72	26 November 2007	26 November 2009	Yes	1,517,200	100%
100,000	\$6.75	20 May 2008	20 May 2010	Yes	100,000	100%
2,648,000	\$7.21	7 September 2008	7 September 2010	Yes	2,648,000	100%
2,762,000	\$6.50	11 September 2009	11 September 2011	Yes	2,762,000	100%
50,000	\$8.97	26 June 2010	26 June 2012	Yes	50,000	100%
300,000	\$10.32	28 September 2010	28 September 2012	Yes	300,000	100%
100,000	Nil	28 September 2010	28 September 2012	Yes	100,000	100%

Table 1B

Number of options and rights outstanding	Exercise price	First exercise date	Expiry date	Vested	Number exercisable	Total shareholder return performance against reference group as at 30 June 2008 (1)	Indicated Percentage exercisable (2)
544,000	Nil	28 September 2010	28 December 2012	No	Nil	97%	100%
100,000	Nil	14 November 2010	14 February 2013	No	Nil	97%	100%
1,649,000	\$10.32	28 September 2010	28 December 2012	No	Nil	97%	100%

(1) The performance conditions are described in section 3.4.2.4.

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

3.4.2.4 Long-term incentive performance conditions

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

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

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

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

- Options and performance share rights will not vest unless Origin Energy's TSR exceeds the TSR of the company at the 50th percentile (or median) of the companies in the ASX 100 at grant date (the "Reference Group") ranked by their TSR performance ("the minimum condition") as measured at each of the third, fourth and fifth anniversaries of the grant of the

options ("the testing dates"), and with TSR calculated on three-month volume weighted average prices.

- On achieving the minimum condition, 50% of options and performance share rights vest.
- The percentage of options and performance share rights that vest increases proportionately from 50% at the 50th percentile to 100% at the 75th percentile.
- Options and performance share rights expire five years and three months from the date they are granted.
- Provided that the performance hurdles are achieved, options and performance share rights may vest prior to the third anniversary of their grant:
 - On a person acquiring more than 20% of the voting shares in Origin Energy by takeover or in circumstances where the Board determines the options or rights should vest;
 - On termination of employment due to death or permanent disability; and
 - On termination of employment in circumstances where the Board determines the options or rights should vest.
- Vested rights and options lapse if an executive resigns (after six months), in the event of termination for cause (immediately), and if not exercised before expiry.

A full list of the Reference Groups is available on the Company's website www.originenergy.com.au.

3.5 Contractual arrangements of executive directors and senior executives

3.5.1 Managing Director

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

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

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

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

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

3.5.2 Senior executives

Senior executives have no fixed term of employment.

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

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

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

Details of the nature and amount of each element of the emoluments of the Managing Director and the specified senior executives of the Company receiving the highest emoluments during the year are set out on page 13.

4. Employee retention plans

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

5. Employee share plan

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

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

6. Non-executive director remuneration

6.1 Policy

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

The Remuneration Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the Origin Energy Board. A review of director remuneration at 20 ASX-listed companies of comparable market capitalisation to Origin Energy in 2007-08 determined that fees

paid to Origin Energy non-executive directors were below market levels and increases were made and approved for the year ending 30 June 2009. The table below shows the structure of non-executive director fees and the new fees for the year ending 30 June 2009.

6.2 Non-executive director fee structure

Year ending 30 June	2008	2009
Board fees		
Chairman	\$430,000 ⁽¹⁾	\$570,000 ⁽¹⁾
Member	\$138,000	\$160,000
Committee fees		
Audit		
Chairman	\$50,000	\$55,000
Member	\$24,000	\$28,000
Remuneration		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
Health, Safety & Environment		
Chairman	\$33,000	\$38,000
Member	\$13,000	\$15,000
Nomination		
Chairman and members	\$0	\$0

(1) Fee paid to the Chairman for the year includes all committee fees.

Total fees paid to non-executive directors amounted to \$1,489,827 during 2007/08. This is below the aggregate limit of annual non-executive directors' fees approved by shareholders in accordance with the requirements of Origin Energy's Constitution. Fees paid to non-executive directors during the year are listed in the table on page 13. The fees paid were in line with the structure presented in the Remuneration Report in 2007. Additional fees of \$120,000 were paid to Non-executive directors for additional services rendered to the company in respect of attendance at Due Diligence Committee meetings and additional Board meetings during the year. The annual aggregate limit for fees paid to non-executive directors, set by shareholders in October 2006, is \$1,600,000. Fees to be paid during 2008/09 are expected to be \$1,632,000.

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

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

7. Director and key management personnel remuneration and other disclosures

7.1 Key management personnel

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

	Name	Position	Date Appointed
Non-executive directors	H Kevin McCann	Independent Chairman	February 2000
	Bruce G Beeren	Director	January 2005*
	Trevor Bourne	Independent Director	February 2000
	Helen M Nugent	Independent Director	March 2003
	J Roland Williams	Independent Director	February 2000
	Gordon M Cairns	Independent Director	June 2007
Executive director	Grant A King	Managing Director	February 2000

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

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

Name	Current Position	Date of Original Appointment
Karen A Moses	Chief Operating Officer, Australia	February 2000
Andrew M Stock	Executive General Manager, Major Development Projects	February 2000
Frank G Calabria	Chief Financial Officer	November 2001
Robbert J Willink	Executive General Manager, Exploration	February 2000
David Baldwin	Chief Executive Officer, Contact Energy	May 2006

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

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

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

7.1.1 Loans and other transactions with key management personnel

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

7.2 Compensation table

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

Name	Short-term benefits					Post-employment benefits				Other long-term benefits	Termination benefits	Share-based payments	Total (\$)	Proportion of Remuneration Performance Related (%)	Value of options and rights as proportion of remuneration (%)
	Fixed remuneration (\$)	Variable remuneration (\$) ⁽¹⁾	Non-monetary benefits (\$) ⁽²⁾	Insurance premiums (\$)	Total (\$)	Superannuation (\$)	Non-Executive Directors' Share Plan benefits (\$) ⁽³⁾	Accrued retirement benefits (\$) ⁽⁴⁾	Total (\$)	Accrued long-service leave (\$)	Termination pay (\$)	Options and Rights (\$) ⁽⁵⁾			
<i>Director</i>															
<i>Non-executive</i>															
H Kevin McCann	436,848	-	-	138	436,986	13,152	-	-	13,152	-	-	-	450,138	-	-
Bruce G Beeren	198,347	-	3,501	138	201,986	13,152	-	-	13,152	-	-	14,775 ⁽⁶⁾	229,913	-	-
Trevor Bourne	158,167	-	-	138	158,305	45,833	-	-	45,833	-	-	-	204,138	-	-
Helen M Nugent	154,937	-	-	138	155,075	25,491	36,238	-	61,729	-	-	-	216,804	-	-
J Roland Williams	169,500	-	-	138	169,638	13,152	36,681	-	49,833	-	-	-	219,471	-	-
Gordon M Cairns	143,000	-	-	138	143,138	11,070	29,930	-	41,000	-	-	-	184,138	-	-
<i>Executive</i>															
Grant A King	1,800,000	1,800,000	4,800	1,975	3,606,775	100,000	-	-	100,000	134,441	-	1,057,216	4,898,432	58	22
<i>Executives</i>															
Karen A Moses	970,000	816,000	4,800	1,975	1,792,775	40,000	-	-	40,000	57,687	-	436,344	2,326,806	54	19
Andrew M Stock	568,500	445,000	3,733	1,975	1,019,208	100,000	-	-	100,000	78,236	-	267,436	1,464,880	49	18
Frank G Calabria	622,000	447,000	4,800	1,975	1,075,775	50,000	-	-	50,000	14,985	-	215,910	1,356,670	49	16
Robbert J Willink	449,929	235,000	2,497	1,975	689,401	122,215	-	-	122,215	64,001	-	139,507	1,015,124	37	14
David Baldwin ⁽⁷⁾	624,354	399,242	-	-	1,023,596	-	-	-	-	-	-	258,353 ⁽⁹⁾	1,281,949	51	20
Total⁽⁸⁾	6,295,582	4,142,242	24,131	10,703	10,472,658	534,065	102,849	-	636,914	349,350	-	2,389,541	13,848,463		

(1) Variable remuneration for the financial year includes the amount that vested in the financial year - based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2007/08. The short-term incentive bonus is for performance during 2007/08, using the criteria set out on page 6. The amount was determined on 11 August 2008, after performance reviews and approved by the Remuneration Committee.

(2) Non-monetary benefits covers reportable fringe benefits and exempt benefits

(3) For explanation of NED Share Plan refer to section 6.2 of this Remuneration Report on page 11.

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

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

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

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

(8) All key management personnel are employed and remunerated by the Company.

(9) Share options and restricted shares issued by Contact Energy Limited.

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

Name	Short-term benefits					Post-employment benefits				Other long-term benefits	Termination benefits	Share-based payments				Total
	Fixed remuneration	Variable remuneration ⁽¹⁾	Non-monetary benefits	Insurance premiums	Total	Super-annuation	Non-Executive Directors' Share Plan benefits ⁽²⁾	Accrued retirement benefits ⁽³⁾	Total	Accrued long-service leave	Termination pay	Number of options issued during 2006/07	Value of options issued during 2006/07 ⁽⁴⁾	Value of options issued in past years amortising during 2006/07 ⁽⁴⁾	% of remuneration that is options	
<i>Director</i>																
<i>Non-executive</i>																
H Kevin McCann	281,534	-	-	151	281,685	23,662	84,804	83,761	192,227	-	-	-	-	-	-	473,912
Bruce G Beeren	49,405	-	428	151	49,984	105,000	-	-	105,000	-	-	-	-	205,307 ⁽⁵⁾	-	360,291
Trevor Bourne	121,584	-	666	151	122,401	11,003	29,747	27,247	67,997	-	-	-	-	-	-	190,398
Colin B Carter ⁽⁸⁾	48,891	-	-	151	49,042	73,955	4,654	26,504	105,113	-	-	-	-	-	-	154,155
Helen M Nugent	36,523	-	-	151	36,674	100,000	30,477	-	130,477	-	-	-	-	-	-	167,151
J Roland Williams	133,500	-	-	151	133,651	12,015	32,485	35,899	80,399	-	-	-	-	-	-	214,050
Gordon M Cairns ⁽⁹⁾	7,813	-	-	151	7,964	703	1,901	-	2,604	-	-	-	-	-	-	10,568
<i>Executive</i>																
Grant A King	1,600,000	1,526,000	21,589	2,031	3,149,620	100,000	-	-	100,000	73,095	-	500,000 ⁽⁶⁾	191,145	654,694	20.3	4,168,554
<i>Executives</i>																
Karen A Moses	894,167	725,000	11,260	2,031	1,632,458	40,000	-	-	40,000	30,077	-	211,000	80,663	313,951	18.9	2,097,149
Andrew M Stock	561,000	380,000	2,200	2,031	945,231	59,000	-	-	59,000	40,970	-	158,000	60,402	206,028	20.3	1,311,631
Frank G Calabria	575,000	380,000	4,400	2,031	961,431	25,000	-	-	25,000	13,255	-	110,000	42,052	155,458	16.5	1,197,196
Robbert J Willink	453,690	270,000	1,200	2,031	726,921	76,125	-	-	76,125	25,697	-	-	-	173,041	17.2	1,001,784
David Baldwin ⁽⁷⁾	590,426	327,005	-	-	917,431	-	-	-	-	-	-	-	-	272,504 ⁽¹⁰⁾	22.9	1,189,935

(1) Variable remuneration for the financial year includes the amount that vested in the financial year - based on achieving personal goals and satisfying specified performance criteria. No amounts vest in future financial years in respect of the variable remuneration for 2006/07. The short-term incentive bonus is for performance during 2006/07, using the criteria set out on page 6. The amount was determined on 8 August 2007, after performance reviews and approved by the Remuneration Committee.

(2) For explanation of NED Share Plan refer to section 6.2 of this Remuneration Report on page 11.

(3) These retirement benefits have been paid out over two periods within the aggregate fee limits approved by shareholders. The payments were made by contributions to superannuation and not further amounts are payable or will accrue.

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

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

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

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

(8) Colin Carter resigned from his position on 30 April 2007.

(9) Gordon Cairns was appointed to his position on 1 June 2007.

(10) Share options and restricted shares issued by Contact Energy Limited.

7.3 Equity instruments

7.3.1 Equity hedging policy

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

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

7.3.2 Value of options granted, exercised and lapsed

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

Name & Position	VALUE OF OPTIONS AND RIGHTS		
	Granted during the year ⁽¹⁾	Exercised during the year ⁽²⁾	Lapsed during the year ⁽³⁾
	\$	\$	\$
<u>Directors</u>			
Grant A King	2,116,000	-	-
Bruce G Beeren	-	-	-
<u>Executives</u>			
Karen A Moses	697,180	4,053,860	-
Andrew M Stock	319,970	3,291,851	-
Frank G Calabria	319,970	208,727	-
Robbert J Willink	198,710	-	-
David Baldwin	-	-	-

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

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

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

7.3.3 Options and rights over equity instruments granted as compensation

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

	Number of options and rights granted during 2007/08	Grant date	Fair value per option and right at grant date	Exercise price per option and right	Expiry date	Number of options and rights vested during 2007/08
Directors						
H Kevin McCann	-	-	-	-	-	-
Bruce G Beeran	-	-	-	-	-	275,000
Trevor Bourne	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-
Gordon M Cairns	-	-	-	-	-	-
Grant A King	300,000	28/9/07	\$2.57	\$10.32	28/9/12	
	100,000	28/9/07	\$7.53	Nil	28/9/12	1,900,000
	100,000	14/11/07	\$5.92	Nil	14/2/13	
Executives						
Karen A Moses	140,000	28/9/07	\$2.51	\$10.32	28/12/12	
	51,000	28/9/07	\$6.78	Nil	28/12/12	593,000
Andrew M Stock	64,000	28/9/07	\$2.51	\$10.32	28/12/12	
	23,500	28/9/07	\$6.78	Nil	28/12/12	416,000
Frank G Calabria	64,000	28/9/07	\$2.51	\$10.32	28/12/12	
	23,500	28/9/07	\$6.78	Nil	28/12/12	306,000
Robbert J Willink	40,000	28/9/07	\$2.51	\$10.32	28/12/12	
	14,500	28/9/07	\$6.78	Nil	28/12/12	208,000
David Baldwin	-	-	-	-	-	-

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

All options and rights expire on the earlier of their expiry date or termination of the individual's employment. The options and rights are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise options and rights is conditional on the consolidated entity achieving certain performance hurdles. For options and rights granted in the current year, the earliest exercise date is 28 September 2010. Details of the performance criteria are included in the long-term incentives information on page 8.

7.3.4 Exercise of options granted as compensation

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

	2007/08	
	Number of shares	Amount paid per share
Directors		
H Kevin McCann	-	-
Bruce G Beeren	-	-
Trevor Bourne	-	-
Helen M Nugent	-	-
J Roland Williams	-	-
Gordon M Cairns	-	-
Grant A King	-	-
Executives		
Karen A Moses	200,000	\$3.40
	260,000	\$4.15
Andrew M Stock	135,000	\$5.72
	160,000	\$4.15
Frank G Calabria	20,000	\$3.40
	20,000	\$4.15
Robbert J Willink	-	-
David Baldwin	-	-

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

7.3.5 Options and rights holdings

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

	Held at 1 July 2007	Granted as compensation	Exercised	Lapsed during the year	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
Directors							
H Kevin McCann	-	-	-	-	-	-	-
Bruce G Beeren	550,000	-	-	-	550,000	275,000	550,000
Trevor Bourne	-	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-	-
Gordon M Cairns	-	-	-	-	-	-	-
Grant A King	2,000,000	500,000	-	-	2,500,000	1,900,000	2,400,000
Executives							
Karen A Moses	1,053,000	191,000	460,000	-	784,000	593,000	593,000
Andrew M Stock	576,000	87,500	295,000	-	368,500	416,000	281,000
Frank G Calabria	436,000	87,500	40,000	-	483,500	306,000	396,000
Robbert J Willink	208,000	54,500	-	-	262,500	208,000	208,000
David Baldwin	-	-	-	-	-	-	-

	Held at 1 July 2006	Granted as compensation	Exercised	Lapsed during the year	Held at 30 June 2007	Vested during the year	Vested and exercisable at 30 June 2007
Directors							
H Kevin McCann	-	-	-	-	-	-	-
Bruce G Beeren	800,000	-	250,000	-	550,000	275,000	275,000
Trevor Bourne	-	-	-	-	-	-	-
Colin B Carter	-	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-	-
Gordon M Cairns	-	-	-	-	-	-	-
Grant A King	2,250,000	500,000	750,000	-	2,000,000	500,000	500,000
Executives							
Karen A Moses	1,082,000	211,000	240,000	-	1,053,000	260,000	460,000
Andrew M Stock	418,000	158,000	-	-	576,000	160,000	160,000
Frank G Calabria	466,000	110,000	140,000	-	436,000	110,000	130,000
Robbert J Willink	468,000	-	260,000	-	208,000	160,000	-
David Baldwin	-	-	-	-	-	-	-

7.3.6 Equity holdings and transactions

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

	Held at 1 July 2007	Purchases	Received on exercise of options	Sales	Held at 30 June 2008
Directors					
H Kevin McCann	261,725	5,657	-	-	267,382
Bruce G Beeren	805,020	-	-	80,000	725,020
Trevor Bourne	42,966	2,051	-	-	45,017
Helen M Nugent	18,398	4,102	-	-	22,500
J Roland Williams	38,237	4,156	-	-	42,393
Gordon M Cairns	2,500	2,384	-	-	4,884
Grant A King	301,046	6,695	-	-	307,741
Executives					
Karen A Moses	33,466	60	460,000	260,000	233,526
Andrew M Stock	397,495	60	295,000	204,717	487,838
Frank G Calabria	140,832	81	40,000	160,000	20,913
Robbert J Willink	611,981	2,703	-	400,000	214,684
David Baldwin	-	-	-	-	-

	Held at 1 July 2006	Purchases	Received on exercise of options	Sales	Held at 30 June 2007
Directors					
H Kevin McCann	253,286	8,439	-	-	261,725
Bruce G Beeren	554,420	600	250,000	-	805,020
Trevor Bourne	38,350	4,616	-	-	42,966
Colin B Carter	30,958	2,773	-	-	33,731
Helen M Nugent	14,046	4,352	-	-	18,398
J Roland Williams	33,658	4,579	-	-	38,237
Gordon M Cairns	-	2,500	-	-	2,500
Grant A King	244,769	6,277	750,000	700,000	301,046
Executives					
Karen A Moses	33,266	200	240,000	240,000	33,466
Andrew M Stock	587,095	400	-	190,000	397,495
Frank G Calabria	614	218	140,000	-	140,832
Robbert J Willink	351,781	200	260,000	-	611,981
David Baldwin	-	-	-	-	-

7.3.7 Vesting profile

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

	Options and rights granted		Percentage vested in year	Forfeited in year ⁽¹⁾	Vesting Date
	Number	Date			
Directors					
H Kevin McCann	-	-	-	-	-
Bruce G Beeren	-	-	-	-	-
Trevor Bourne	-	-	-	-	-
Helen M Nugent	-	-	-	-	-
J Roland Williams	-	-	-	-	-
Gordon M Cairns	-				
Grant A King	300,000	28/9/07	100%	-	28/9/2010*
	100,000	28/9/07	100%	-	28/9/2010*
	100,000	14/11/07	-	-	14/11/2010
Executives					
Karen A Moses	140,000	28/9/07	-	-	28/9/2010
	51,000	28/9/07	-	-	28/9/2010
Andrew M Stock	64,000	28/9/07	-	-	28/9/2010
	23,500	28/9/07	-	-	28/9/2010
Frank G Calabria	64,000	28/9/07	-	-	28/9/2010
	23,500	28/9/07	-	-	28/9/2010
Robbert J Willink	40,000	28/9/07	-	-	28/9/2010
	14,500	28/9/07	-	-	28/9/2010
David Baldwin	-	-	-	-	-

⁽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.

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

- End of Report -