



Remuneration Report for the year ended 30 June 2007

This report forms part of the Directors' Report for
the year ended 30 June 2007

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1. Board oversight of remuneration

1.1 Remuneration Committee

The Board Remuneration Committee oversees remuneration and is responsible for making recommendations to the Board on remuneration policy and structure applicable to the Directors and senior executives.

The composition and functions of the Remuneration Committee is set out in the Charter of the Remuneration Committee which is available in full on the Company's website www.originenergy.com.au.

1.2 Independent remuneration advice

The Remuneration Committee engages external advisors on matters relating to compensation. All advisors selected are independent and engaged solely on the basis of their independence and competence in the relevant field. During the year, the Board obtained advice and services from advisors in relation to remuneration:

Advisor	Services provided
Mercer	Actuarial assessment of executive superannuation defined benefits Executive and employee compensation and benchmarking Valuation of long-term incentives
The Hay Group	Executive and employee compensation and benchmarking
John Egan of Egan and Associates	Non-executive directors' compensation and benchmarking Executive compensation and benchmarking
Godfrey Remuneration Group	Non-executive directors' compensation and benchmarking

2. Remuneration objective and strategies

2.1 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.

2.2 Remuneration strategies

Origin Energy's Remuneration objective is implemented through three key strategies as follows:

1. Origin Energy's remuneration is competitively benchmarked to ensure that valued employees are attracted and retained.
 - Median of relevant market is used as the benchmark for fixed pay, while the top quartile is targeted for aggregate remuneration (fixed and at-risk remuneration) for better-than-targeted performance.
 - A broad multi industry wide benchmark that is relevant to Origin Energy's type of business is used to determine competitive remuneration. The mix of fixed and variable pay used by Origin Energy reflects this market benchmark.
 - 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.

2. The remuneration structure clearly links reward to performance

- The proportion of variable remuneration increases with job size and the employee’s capacity to impact business performance, consistent with competitive remuneration benchmarks.
- Short-term incentives are designed to motivate employees to achieve targets in the current review year. The amount of short term incentive varies, with maximum achievable incentive being positioned at the top quartile of the market.
- Performance measures for short-term incentives are based around total company, business unit and individual performance. The proportion of short-term incentive linked to total company financial performance increases with the job size.
- Long-term incentives are designed to encourage sustainability of performance in the medium to longer term. Once granted, long-term incentives are exercisable in a three to five-year timeframe, provided appropriate hurdles are met. Executives are prohibited from entering into any hedge arrangements that may limit the downside risk of any equity-based incentives that have not vested.
- 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.

3. Performance measures and rewards are aligned to shareholder interests

- The predominant performance measure for short-term incentives and long term incentives is the company’s operating-cash-flow-after-tax over funds-employed ratio. This measure is a key driver of total returns to shareholders, and has since February 2000 demonstrated a strong correlation over time with the creation of shareholder value.
- The long-term incentive plan provides for equity based remuneration, with the exercise hurdle based on relative total shareholder returns. The plan aligns executive performance with shareholder returns as incentives are only exercisable if the relative total shareholder return hurdle is achieved.
- The Company’s employee share plan enables employees to be awarded Origin Energy shares. This ownership of shares links employees with the Company’s share price. 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.

A detailed remuneration policy statement is available on the Company’s website www.originenergy.com.au.

2.3 Performance

Attracting and retaining staff

Origin Energy's remuneration strategies have ensured retention and stability of senior management over the past seven years.

Among Origin Energy's top three management tiers, the annual voluntary turnover rate has averaged 3.2% since 2000. Management stability is a key factor in delivering strong performance and total returns to shareholders.

Motivation of staff to maximise Company performance

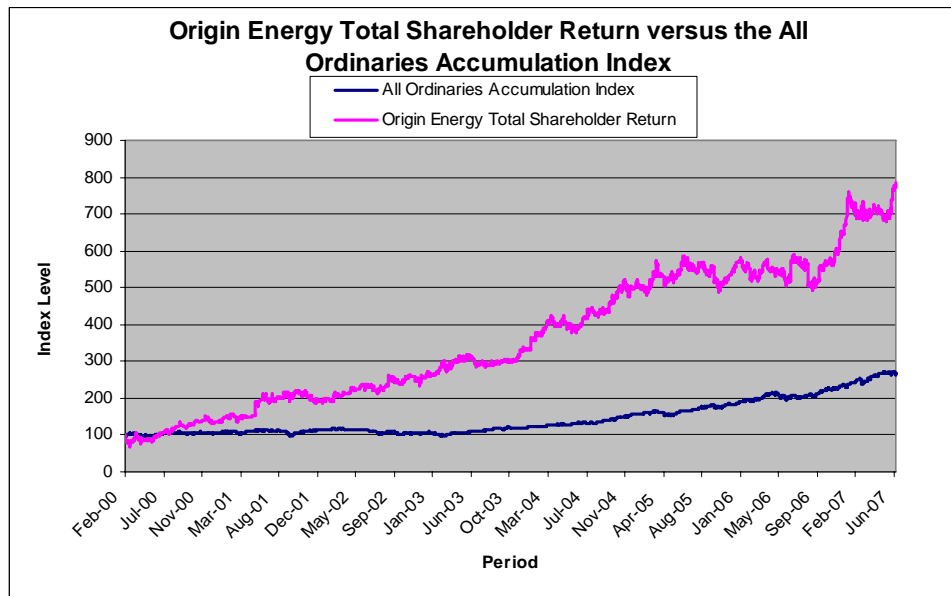
Origin Energy's remuneration policy has been an important contributor to the continuous improvement of Company performance and the delivery of shareholder returns.

Since Origin Energy listed on the ASX, in February 2000, its net profit has grown by 509% to 30 June 2007, total dividends declared or paid are 91 cents per share and share price has grown by around 680%. The following table outlines net profit after tax, earnings per share, dividends and share-price growth since listing in 2000:

30 June	2000	2001	2002	2003	2004	2005	2006	2007	Average Annual Increase %
EARNINGS									
Net profit after tax	\$75m	\$98m	\$129m	\$162m	\$205m	\$266m	\$332m	\$457m	30
Earnings per share	13.3c	17.1c	20.2c	24.8c	30.0c	34.9c	41.9c	54.7c	22
Underlying Profit	\$75m	\$98m	\$129m	\$162m	\$205m	\$266m	\$338m	\$370m	26
Adjusted earnings per share	13.3c	17.1c	20.2c	24.8c	30.0c	34.9c	42.7c	44.3c	19
OCAT RATIO	-	10.6%	13.7%	15.6%	14.8%	11.2%	12.5%	11.5%	
TOTAL SHAREHOLDER RETURNS									
Dividends	6.0c	4.0c	5.0c	10.0c	13.0c	15.0c	17.0c	21.0c	25
Share price 30 June	\$1.57	\$2.91	\$3.27	\$3.93	\$5.48	\$7.61	\$7.36	\$9.94	33
Annual shareholder return	-	93%	15%	23%	43%	42%	-1%	38%	36

Between listing in February 2000 and 30 June 2007 Origin Energy's compound total shareholder return was 32.4% per annum. This was significantly above the All Ordinaries Accumulation Index, which grew by an average of 14.4% per annum over the same period.

The graph, below, compares Origin Energy's performance since listing in February 2000 with the All Ordinaries Accumulation Index.



Indexed to 100 on 21 February 2000

3. Executive remuneration

3.1 Executive remuneration structure

Remuneration of executives is structured in two parts:

- *Fixed remuneration*
- *At-risk remuneration*

3.2 Fixed remuneration

Fixed pay is based on the size of the individual's role, their performance and experience, and market data. The benchmark market-data is set at the median for comparable positions.

Fixed pay comprises base salary and any non-cash benefits such as provision of a motor vehicle (which is calculated on a total cost basis and includes any fringe-benefit-tax charges related to employee benefits).

3.3 At-risk remuneration

The level of at-risk remuneration available is linked to competitive remuneration benchmarks, and the amount awarded is linked to meeting Company, business unit and personal financial and non-financial objectives. It comprises both short-term incentives and long-term incentives, which are provided for in contracts with executive directors and senior executives. These contracts prescribe maximum potential payments for short-term and long-term incentives.

3.3.1 Short-term incentives

Short-term incentives are provided in cash. The maximum potential award each year is set by comparison with competitive remuneration benchmarks. Payment depends on achieving operating and financial targets set at the beginning of each year.

Several levels of short-term incentives are paid within Origin Energy, ranging from a maximum of 35% for senior management employees through to a maximum of 100%

for the Managing Director. These maximum levels are consistent with market benchmarks.

For the Managing Director, 60% of his short-term incentive is based on performance relative to corporate financial targets. 40% of his short-term incentive is based on targeted 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 relative to their individual areas of responsibility.

The primary total business performance measure used in the short-term incentive plans is the operating-cash-flow-after-tax-over-funds-employed ratio. This measure has been used since 2000 as it closely correlates with total shareholder return.

Threshold and stretch hurdles are also established for each performance measure, yielding payment for at-risk elements ranging from 20 to 100% of the maximum potential payment. No payment is made if performance does not achieve threshold levels. The Board retains the discretion to make payments exceeding 100% if exceptional performance is achieved. Short-term incentives can be reduced if safety performance targets are not achieved.

3.3.2 Long-term incentives

Long-term incentive amounts are awarded to executives, based on competitive remuneration benchmarks for the executive's position within the company, as a reward for their performance during the year and as an incentive for future performance.

Long-term incentives issued in September 2006 and previous years had been provided to executives by granting them options over unissued ordinary shares in Origin Energy Limited, under the shareholder approved Senior Executive Option Plan.

From September 2007, the Board will allocate long-term incentive awards to senior executives and the managing director that, by value, are half share options and half performance share rights. The allocation of options and performance share rights is based on the current performance potential and criticality to the business. The number of options and performance share rights awarded are calculated by dividing the value of the long-term incentive award by the fair market value of the options and performance share rights determined in accordance with applicable accounting standards.

Under this hybrid scheme, the options become exercisable and the performance share rights will only vest (that is, shares become transferable to the executive) to the extent that the performance hurdle is satisfied. Details of the hurdle (which is the same for the exercise of options and the vesting of performance share rights) are set out in 3.3.2.3. It is dependent on the return on Origin Energy shares comparing favourably with the total shareholder return of companies in the ASX 100 at the time of issue. In a further review in 2007 the Board revised the practice of continuous retesting (from years 3 to 5) of this performance hurdle and determined that from the 2007 issuance of stock options and performance share rights to senior executives, retesting will be conducted on the third, fourth and fifth anniversaries of the grant. Further awards of long-term incentives will not be subject to continuous retesting of hurdles, other than those that are to be issued to the Managing Director in September 2007 on terms that were approved by shareholders in October 2006.

To ensure that the incentive value of these equity-based incentives is preserved, executives are prohibited from entering into any hedge arrangements that may limit their downside risk with any equity-based incentives that have not vested. Terms for the Senior Executive Option Plan and Performance Share Rights Plan, along with performance conditions attached to both plans, are detailed below.

3.3.2.1 Senior Executive Option Plan

Shareholders approved the Senior Executive Option Plan in 1995. Under the plan, the Directors may issue options to executives to acquire ordinary shares in Origin Energy at a market price determined at the time of issuance. The market price is equal to the volume-weighted average market price in the five days leading up to, and including, the date of issuance.

The options are issued subject to performance hurdles as determined by the Board. The performance hurdles applying to the previous issuance and those proposed for future issuances are described in the section on long-term incentive performance hurdles below in 3.3.2.3.

Subject to the satisfaction of the performance hurdles, the options may be exercised by the payment of the exercise price at any time after the third anniversary of the grant of the options and before they expire. The options may also be exercised prior to the third anniversary of the grant of the options in circumstances relating to takeover (detailed below in 3.3.2.3). They may also be exercised in the event of the termination of employment as a consequence of death, permanent disablement or other circumstances in which the Board determines in its discretion that the options should become exercisable.

The options that have been issued to date and have vested will lapse if the executive resigns (after six months), in the event of termination for cause (immediately) and if not exercised within five years.

The options over unissued shares of Origin Energy under the plan and their exercisability with respect to the performance hurdles are as follows:

Number of options outstanding	Exercise price	First exercise date	Expiry date	Vested	Number exercisable	Total shareholder return performance against reference group as at 30 June 2007 (1)	Indicated Percentage exercisable (2)
780,000	\$3.40	19 December 2005	19 December 2007	Yes	780,000	-	100%
2,401,200	\$4.15	19 December 2006	19 December 2008	Yes	2,401,200	-	100%
775,000	\$5.98	6 August 2007	6 August 2009	No	Nil	40%	Nil
2,471,000	\$5.72	26 November 2007	26 November 2009	No	Nil	51%	52%
200,000	\$6.75	20 May 2008	20 May 2010	No	Nil	43%	Nil
3,390,000	\$7.21	7 September 2008	7 September 2010	No	Nil	63%	76%
3,391,000	\$6.50	11 September 2009	11 September 2011	No	Nil	88%	100%

(1) The performance hurdle for these options is based on a total shareholder return (TSR) that calculates the share price movement of ordinary shares after notional reinvestment of dividends. Whether the exercise hurdle is satisfied within the exercise period is determined by comparing the Origin Energy TSR with the TSR of a predetermined group of Australian listed companies relative to the date of approval. The percentage of options that may be exercised is calculated on sliding scale depending on the Company's performance against the reference group of companies. If Origin Energy exceeds the 50th percentile, 50% of the options may be exercised and if it reaches the 75th percentile, 100% of the options may be exercised.

(2) The indicated percentage exercisable is calculated by comparing the performance of Origin Energy's TSR to the relevant reference group and applying the performance conditions described in 3.3.2.3 as at 30 June 2007. The test must be undertaken as from the first exercise date and, as a result, the number that will be exercisable at that time may be different from that indicated.

Details of options issued to the specified senior executives over the year are detailed in the table on page 18.

3.3.2.2 Performance Share Rights Plan

The Performance Share Rights Plan was introduced on 1 July 2007. Performance hurdles are described in section 3.3.2.3 Long-term incentive performance conditions.

Subject to the satisfaction of the performance hurdles, the performance share rights may be exercised at any time after the third anniversary of the grant of the rights and before they expire. No consideration will be payable by the executive for the rights or on issuance of shares after the performance share rights vest. The performance share rights may also be exercised prior to the third anniversary of their granting in circumstances relating to takeover (detailed below in 3.3.2.3). They may also be exercised in the event of the termination of employment as a consequence of death, permanent disablement or other circumstances in which the Board determines in its discretion that the performance share rights should become exercisable.

The performance share rights will lapse if the executive resigns (after six months), in the event of termination for cause (immediately), and if not exercised within five years. Unvested performance share rights lapse immediately upon resignation.

As the fair value of a performance share rights is greater than an option, there is a smaller number of performance share rights (and therefore smaller number of equity instruments overall) than the previous scheme of 100% share options. Hence the use of performance share rights as part of the long-term incentive awards will be less dilutive for shareholders.

3.3.2.3 Long-term incentive performance conditions

The following conditions apply to options issued to senior executives in respect of the 2005/06 year and options and performance share rights to be issued to the Managing Director in September 2007 (as approved by shareholders in October 2006):

- Options and performance share rights will not vest unless Origin Energy's TSR is above the 50th percentile ("the minimum condition") of the TSRs of companies comprising the ASX100 as at the date of issue ("the Reference Group"), on and between the third and fifth anniversaries of the grant.
- 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 the 50th percentile from 50% to 100% at the 75th percentile.
- Options and performance share rights will expire after five years from the date of issuance.
- The Options and performance share rights may vest prior to the third anniversary of their granting, if a person acquires or gives notice of a proposal to make an acquisition of more than 20% of the shares in Origin Energy provided that the performance hurdles are achieved.

The following conditions will apply to all options and performance share rights to be issued to senior executives in respect of the 2006/07 year and following years, other than those issued to the Managing Director in September 2007 in accordance with the shareholder approval:

- Options and performance share rights will not vest unless Origin Energy's TSR is above the 50th percentile ("the minimum condition") of the TSRs of companies comprising the ASX100 as at the date of issue ("the Reference Group") as measured at the third, fourth and fifth anniversary of the grant of the options ("the testing dates").
- The measurement of TSR shall be based on the volume-weighted average price of Origin Energy shares and the companies in the Reference Group over the three months prior to the date of issuance and the testing dates. 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 the 50th percentile at 50% to 100% at the 75th percentile.
- Options and PSRs will expire after five years and three months from the date of issuance.
- Options and performance share rights may vest prior to the third anniversary in the event of a takeover which results in a person acquiring more than 20% of the issued shares in Origin Energy provided that the performance hurdles are achieved.

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

4. Contractual arrangements of executive directors and senior executives

4.1 Managing Director

Managing Director, Mr Grant King is the only executive director. He was appointed Managing Director and Chief Executive Officer in February 2000.

Mr King has an employment contract that will expire on 30 June 2009, unless terminated earlier or renewed. Mr King's remuneration comprises fixed remuneration; an annual short-term incentive of up to 100% of fixed remuneration and an annual long-term incentive, which has been delivered at Board discretion in the form of options under the Senior Executive Option Plan. The Board decides the level of options to be offered to Mr King based on his performance over the preceding year and within the limits approved by shareholders. Mr King's fixed remuneration, for the financial year to 30 June 2008, has been set by the Board at \$1,900,000 and up to a maximum of 100% of fixed remuneration as a short-term incentive. For the financial years ending 30 June 2007 and following, long-term incentives will be delivered to Mr King in the form of options and performance share rights.

If Origin Energy terminates Managing Director Mr King's appointment without cause, in addition to his statutory entitlements, he may be given 12-months' notice or payment in lieu, including payment of short-term incentive potential. If Mr King is terminated for poor performance he is entitled to a maximum payment of 12-months of fixed remuneration, including six-months notice or payment in lieu, with no payment of short-term incentives. Upon resignation, Mr King must give 12-months notice 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 on six-months notice. The Company may at its option pay six-months fixed remuneration in lieu with payment of unpaid short-term incentives. If Mr King is terminated with cause he would be terminated immediately with payment of accrued entitlements only.

4.2 Senior executives

Senior executives receive fixed remuneration and short-term incentives varying from maximums of 55% to 85% fixed remuneration and annual long-term incentives varying from maximums of 40% to 70% of fixed remuneration.

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. A minimum of six-months (or in some cases, 12 months) combined notice and severance applies. Senior executives that resign must give one-month's notice or the Company may at its option pay them one-month's 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. Executives terminated with cause would be terminated immediately with payment of accrued entitlements only.

Due to the highly competitive labour market, the company has established a retention bonus plan which may be applied to a limited number of key individuals upon approval by the Board.

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 15.

5. Employee Share Plan

All employees 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 Energy if the Company meets specified financial and safety targets set by the Board. Shares awarded under the plan are bought on-market.

The targets required the Company to achieve a safety incident frequency rate of 4.4. This target was not achieved during the year. Consistent with Origin Energy's remuneration strategy of linking performance with reward, the award of shares for this year was reduced to 60%. To further the focus on safety, the targets for the financial year ending 30 June 2008, will be once again based on improvement in the safety performance.

6. Non-executive director remuneration

6.1 Policy

Non-executive directors are remunerated by way of fees paid, including fees paid in recognition of membership on Board committees, superannuation and 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. This takes into account data on the level of fees paid to directors of companies of comparable size and complexity. Fees were compared to external data in the prior year to determine whether non-executive directors were being remunerated at market rates. The review undertook a comparison of 21 listed companies that were comparable to Origin Energy in market capitalisation. The results were compared to broader market data to ensure consistency. This review 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 2007. A subsequent review has been undertaken to ensure that Origin Energy non-executive directors are paid in line with market norms for the year ahead, resulting in an increase for the year ending 30 June 2008.

The table below shows the structure of non-executive director fees and the new fees for the year ending 30 June 2008.

6.2 Non-executive director fee structure

Year ending 30 June	2007	2008
Board fees		
Chairman	\$390,000 ⁽¹⁾	\$430,000 ⁽¹⁾
Member	\$125,000	\$138,000
Committee fees		
Audit		
Chairman	\$45,000	\$50,000
Member	\$22,000	\$24,000
Remuneration		
Chairman	\$30,000	\$33,000
Member	\$12,000	\$13,000
Health, Safety & Environment		
Chairman	\$16,000	\$33,000
Member	\$8,000	\$13,000
Nomination		
Chairman and members	\$0	\$0

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

Total cash fees paid to non-executive directors amounted to \$1,365,218 during 2006/07. 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. It included \$173,411 of accrued retirement benefits that were paid out in accordance with the commitment made when the benefit was terminated. Fees paid to non-executive directors during the year are listed in the table on page 15. The fees paid were in line with the structure presented in the Remuneration Report in 2006. 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 2007/2008 are expected to be \$1,349,000.

The Non-Executive Directors' Retirement Scheme was terminated effective as of 1 January 2003, and benefit multiples accrued to that time were frozen. The retirement benefit was a multiple of the average annual fees over the last three years of office. Following representations from shareholders, it was agreed that the absolute value of the benefit be frozen at 30 June 2005 and has now been fully paid out.

	Multiple (Fixed at 1 January 2003)	Accrued benefit at 30 June 2005	Paid out during 2005/06	Paid out during 2006/07
H Kevin McCann	0.97	\$204,294	\$120,533	\$83,761
Trevor Bourne	0.97	\$66,455	\$39,208	\$27,247
Colin B Carter	0.97	\$64,644	\$38,140	\$26,504
J Roland Williams	1.07	\$87,558	\$51,659	\$35,899

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

As from 1 July 2006, non-executive directors are required to acquire over time, and hold, a minimum of 20,000 shares in the Company. Until they hold that number they are required to sacrifice 25% of their gross fees for the on-market acquisition of Origin Energy shares, under the Non-Executive Directors' Share Plan. Shares held by directors under the plan cannot be sold until the director retires or leaves the Board. After a director has acquired 20,000 shares, they may sacrifice their fees as an employer contribution to superannuation or take them as cash.

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 2007 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
	Colin B Carter	Independent Director	February 2000 Resigned April 2007
	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 2007 were:

Name	Position	Date Appointed
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. Non-executive directors are required to be included as 'key management personnel'. However, the non-executive directors do not consider themselves to be part of the executive management.

7.2 Remuneration

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*.

7.2.1 Compensation table

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
Total all directors	2,279,250	1,526,000	22,683	3,088	3,831,021	426,338	184,068	173,411	783,817	73,095	-	500,000	191,145	860,001		5,739,079
<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	-	-	-	-	-	-	-	-	-	-	917,431
Total all executives	3,074,283	2,082,005	19,060	8,124	5,178,472	200,125	-	-	200,125	109,999	-	479,000	183,117	848,478		6,525,191

(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 12.

(3) Payout of Accrued Retirement benefits. Refer section 6.2 of this Remuneration Report on page 12.

(4) The fair value of the options 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 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 a notional 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.

Remuneration of key management personnel, directors and other named executives - For the year ended 30 June 2006

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 2005/06	Value of options issued during 2005/06 ⁽⁴⁾	Value of options issued in past years amortising during 2005/06 ⁽⁴⁾	% of remuneration that is options	
<i>Director</i>																
<i>Non-executive</i>																
H Kevin McCann	270,000	-	-	152	270,152	83,512	6,488	120,533	210,533	-	-	-	-	-	-	480,685
Bruce G Beeren	161,674 ⁽⁵⁾	-	4,326	152	166,152	23,111	11,555	-	34,666	-	-	-	-	272,135 ⁽⁶⁾	-	472,953
Trevor Bourne	104,000	-	-	152	104,152	9,360	25,306	39,208	73,874	-	-	-	-	-	-	178,026
Colin B Carter	101,500	-	-	152	101,652	9,135	24,698	38,140	71,973	-	-	-	-	-	-	173,625
Helen M Nugent	111,500	-	-	152	111,652	10,035	27,131	-	37,166	-	-	-	-	-	-	148,818
J Roland Williams	119,000	-	-	152	119,152	10,710	28,956	51,659	91,325	-	-	-	-	-	-	210,477
<i>Executive</i>																
Grant A King	1,474,009	780,000	39,598	2,034	2,295,641	25,000	-	-	25,000	84,828	-	500,000	228,983	494,790	23.1	3,129,242
Total all directors	2,341,683	780,000	43,924	2,946	3,168,553	170,863	124,134	249,540	544,537	84,828	-	500,000	228,983	766,925		4,793,826
<i>Executives</i>																
Karen A Moses	777,667	355,000	15,958	2,034	1,150,659	35,000	-	-	35,000	67,981	-	162,000	74,190	319,855	23.9	1,647,685
Andrew M Stock	497,623	265,000	3,911	2,034	768,568	59,000	-	-	59,000	48,748	-	123,000	56,330	197,716	22.5	1,130,362
Frank G Calabria	460,000	185,000	4,400	2,034	651,434	15,000	-	-	15,000	7,090	-	86,000	39,385	150,736	22.0	863,645
Robbert J Willink	411,068	170,000	1,200	2,034	584,302	71,050	-	-	71,050	25,655	-	98,000	44,881	173,715	24.3	899,603
David Baldwin ⁽⁷⁾	96,597	168,100	-	-	264,697	-	-	-	-	-	-	-	-	-	-	264,697
<i>Former executives</i>																
John A Hayward ⁽⁸⁾	156,552	391,095	12,912	1,093	561,652	27,995	-	-	27,995	-	591,307 ⁽⁹⁾	70,000	32,058	123,231	11.6	1,336,243
John M Piper ⁽¹⁰⁾	245,720	278,696	50,492	623	575,531	30,026	-	-	30,026	-	1,242,789 ⁽¹¹⁾	-	-	197,716	9.7	2,046,062
David Hunt ⁽¹²⁾	421,690	-	16,081	623	438,394	3,036	-	-	3,036	-	-	-	-	-	-	441,430
Steven Barrett ⁽¹³⁾	212,552	227,243	166,898	-	606,693	-	-	-	-	-	-	-	-	-	-	606,693
Total all executives	3,279,469	2,040,134	271,852	10,475	5,601,930	241,107			241,107	149,474	1,834,096	539,000	246,844	1,162,969		9,236,420

(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 2005/06. The short-term incentive bonus is for performance during 2005/06, using the criteria set out on page 6. The amount was determined on 9 August 2006, 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 12.

(3) Payout of Accrued Retirement benefits. Refer section 6.2 of this Remuneration Report on page 12.

(4) The fair value of the options 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 allocated to this reporting period. In valuing the options, market conditions have been taken into account.

(5) Bruce G Beeren was paid an additional \$62,000 for services he provided in relation to the proposed merger of Contact Energy and Origin Energy.

(6) 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.

(7) David Baldwin, Chief Executive Officer, Contact Energy, took up that appointment on 1 May 2006.

(8) John A Hayward ceased employment on 30 December 2005.

(9) Includes \$149,460 in statutory leave entitlements.

(10) John M Piper ceased employment as a member of the executive management team on 30 September 2005.

(11) Includes \$525,289 in statutory leave entitlements.

(12) David Hunt resigned from his position on 28 April 2006 (for the period 1 July to 30 September 2005 he was employed in Australia, from 1 October 2005 to 28 April 2006 in New Zealand)

(13) Steven Barrett resigned from his position on 30 September 2005.

7.3 Equity instruments

7.3.1 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			
	Granted during the year ⁽¹⁾	Exercised during the year ⁽²⁾	Lapsed during the year ⁽³⁾	Total options value during the year
	\$	\$	\$	\$
<u>Directors</u>				
Grant A King	191,145	2,859,881	-	3,051,026
Bruce G Beeren	-	848,294	-	848,294
<u>Executives</u>				
Karen A Moses	80,663	972,762	-	1,053,425
Andrew M Stock	60,402	-	-	60,402
Frank G Calabria	42,052	738,244	-	780,296
Robbert J Willink	-	1,420,026	-	1,420,026
David Baldwin	-	-	-	-

- (1) The value of options granted in the year is the fair value of the options 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 allocated to this reporting period.
- (2) The value of options 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 were exercised, after deducting the price paid to exercise the option.
- (3) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed, using a binominal option-pricing model with no adjustments for whether the performance criteria have, or have not, been achieved.

7.3.2 Options and rights over equity instruments granted as compensation

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

	Number of options granted during 2006/07	Grant date	Number of options vested during 2006/07	Fair value per option at grant date	Exercise price per option	Expiry date
Directors						
H Kevin McCann	-	-	-	-	-	-
Bruce G Beeren	-	-	275,000	-	-	-
Trevor Bourne	-	-	-	-	-	-
Colin B Carter	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-
Gordon M Cairns	-	-	-	-	-	-
Grant A King	500,000	11/9/2006	500,000	\$1.43	\$6.50	11/9/2011
Executives						
Karen A Moses	211,000	11/9/2006	260,000	\$1.43	\$6.50	11/9/2011
Andrew M Stock	158,000	11/9/2006	160,000	\$1.43	\$6.50	11/9/2011
Frank G Calabria	110,000	11/9/2006	110,000	\$1.43	\$6.50	11/9/2011
Robbert J Willink	-	-	160,000	-	-	-
David Baldwin	-	-	-	-	-	-

	Number of options granted during 2005/06	Grant date	Number of options vested during 2005/06	Fair value per option at grant date	Exercise price per option	Expiry date
Directors						
H Kevin McCann	-	-	-	-	-	-
Bruce G Beeren	-	-	-	-	-	-
Trevor Bourne	-	-	-	-	-	-
Colin B Carter	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-
Grant A King	500,000	7/9/2005	-	\$1.69	\$7.21	7/9/2010
Executives						
Karen A Moses	162,000	7/9/2005	200,000	\$1.69	\$7.21	7/9/2010
Andrew M Stock	123,000	7/9/2005	130,000	\$1.69	\$7.21	7/9/2010
Frank G Calabria	86,000	7/9/2005	100,000	\$1.69	\$7.21	7/9/2010
Robbert J Willink	98,000	7/9/2005	100,000	\$1.69	\$7.21	7/9/2010
David Baldwin	-	-	-	-	-	-

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

All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable after three years from grant date. In addition to a continuing employment service condition, the ability to exercise options is conditional on the consolidated entity achieving certain

performance hurdles. Details of the performance criteria are included in the long-term incentives information on page 8. For options granted in the current year, the earliest exercise date is 11 September 2009.

7.3.3 Exercise of options granted as compensation

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

	2006/07		2005/06	
	Number of shares	Amount paid per share	Number of shares	Amount paid per share
Directors				
H Kevin McCann	-	-	-	-
Bruce G Beeran	250,000	\$3.04	-	-
Trevor Bourne	-	-	-	-
Colin B Carter	-	-	-	-
Helen M Nugent	-	-	-	-
J Roland Williams	-	-	-	-
Gordon M Cairns	-	-	-	-
Grant A King	750,000	\$3.04	-	-
Executives				
Karen A Moses	240,000	\$3.04	-	-
Andrew M Stock	-	-	130,000	\$3.40
Frank G Calabria	60,000	\$3.04	-	-
Frank G Calabria	80,000	\$3.40	-	-
Robbert J Willink	100,000	\$3.40	-	-
Robbert J Willink	160,000	\$4.15	-	-
David Baldwin	-	-	-	-

There were no amounts unpaid on the shares issued as a result of the exercise of options during 2005/06 and 2006/07.

7.3.4 Option holdings

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

	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	-	-	-	-	-	-	-

	Held at 1 July 2005	Granted as compensation	Exercised	Lapsed during the year	Held at 30 June 2006	Vested during the year	Vested and exercisable at 30 June 2006
Directors							
H Kevin McCann	-	-	-	-	-	-	-
Bruce G Beeren	800,000	-	-	-	800,000	-	250,000
Trevor Bourne	-	-	-	-	-	-	-
Colin B Carter	-	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-	-
Grant A King	1,750,000	500,000	-	-	2,250,000	-	750,000
Executives							
Karen A Moses	920,000	162,000	-	-	1,082,000	200,000	440,000
Andrew M Stock	425,000	123,000	130,000	-	418,000	-	-
Frank G Calabria	380,000	86,000	-	-	466,000	100,000	160,000
Robbert J Willink	370,000	98,000	-	-	468,000	100,000	100,000
David Baldwin	-	-	-	-	-	-	-

7.3.5 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 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	-	-	-	-	-

	Held at 1 July 2005	Purchases	Received on exercise of options	Sales	Held at 30 June 2006
Directors					
H Kevin McCann	253,286	-	-	-	253,286
Bruce G Beeren	549,647	4,773	-	-	554,420
Trevor Bourne	33,786	4,564	-	-	38,350
Colin B Carter	26,625	4,333	-	-	30,958
Helen M Nugent	9,750	4,296	-	-	14,046
J Roland Williams	29,076	4,582	-	-	33,658
Grant A King	239,613	5,156	-	-	244,769
Executives					
Karen A Moses	33,128	138	-	-	33,266
Andrew M Stock	462,584	217	130,000	-	592,801
Frank G Calabria	40,462	152	-	40,000	614
Robbert J Willink	351,643	138	-	-	351,781
David Baldwin	-	-	-	-	-

7.3.6 Vesting profile

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

	Options granted		Percentage vested in year	Forfeited in year	Financial years in which grant vests	Value yet to vest \$	
	Number	Date				Minimum ⁽¹⁾	Maximum ⁽²⁾
Directors							
H Kevin McCann	-	-	-	-	-	-	-
Bruce G Beeren	-	-	-	-	-	-	-
Trevor Bourne	-	-	-	-	-	-	-
Colin B Carter	-	-	-	-	-	-	-
Helen M Nugent	-	-	-	-	-	-	-
J Roland Williams	-	-	-	-	-	-	-
Gordon M Cairns	-	-	-	-	-	-	-
Grant A King	500,000	11/9/2006	-	-	1/7/2009	Nil	191,145
Executives							
Karen A Moses	211,000	11/9/2006	-	-	1/7/2009	Nil	80,663
Andrew M Stock	158,000	11/9/2006	-	-	1/7/2009	Nil	60,402
Frank G Calabria	110,000	11/9/2006	-	-	1/7/2009	Nil	42,052
Robbert J Willink	-	-	-	-	-	-	-
David Baldwin	-	-	-	-	-	-	-

- (1) The minimum value of options yet to vest is nil as the performance criteria may not be met and consequently the option may not vest.
- (2) The maximum value of options yet to vest is not determinable as it depends on the market price of shares of Origin Energy on the Australian Securities Exchange at the date the option is exercised. These share prices represent a maximum price included in the volatility assumptions within the valuation of the options.