Remuneration Report for the year ended 30 June 2012 (Audited)

This Report forms part of the Directors' Report for the year ended 30 June 2012

Remuneration Report

The Directors are pleased to present the Remuneration Report for Origin Energy Limited (Company) which forms part of the Directors' Report for the year ended 30 June 2012 (FY2012).

The Remuneration Report is structured into nine sections:

1. Executive Summary
2. Key management personnel and report coverage
3. Remuneration governance
4. Remuneration objectives, policy and practice
5. Contractual details
6. Company performance and remuneration outcomes
7. Non-executive director remuneration and fees
8. Remuneration tables and disclosures
9. Abbreviations and key definitions

1. Executive Summary

Since our 2011 Remuneration Report and our 2011 Annual General Meeting (AGM) the Board has reviewed its remuneration approach. It has benchmarked its policies against best practice; analysed remuneration trends; and considered specific feedback from shareholders as part of last year's AGM. The Chairman of the Remuneration Committee and the Chairman of the Board have met with major Institutional shareholders and proxy advisers to discuss remuneration and governance issues.

From that review, the Board has concluded that the Company's current approach to remuneration remains appropriate, but has proposed two changes to the Long Term Incentive (LTI) arrangements. These changes take effect from 1 July 2012.

An appropriate remuneration structure

The Company's remuneration approach is designed to attract, incentivise and retain a management team that enhances its business, and to do so in a way that aligns executives' interests with those of shareholders.

The Company is engaged in a diverse range of related activities. Its resource and development businesses make large, long-term investments for which key costs and prices are set in international markets. Its retail and energy trading businesses operate day to day in competitive domestic markets. As an integrated energy company, management seeks to create value from the interactions among these diverse activities.

The remuneration structure, therefore, needs to attract, retain and develop a diverse talent pool and group of executives, while exposing them to the breadth of the Company's activities. It needs to incentivise decision-making appropriate to business unit activities and to the Company overall. It must align executives' interests with those of shareholders by linking remuneration to long-term value creation.

Consistently since the Company's listing on the ASX in 2000, the executive remuneration policy designed to deliver against these objectives has been to:

1. benchmark remuneration such that it is intrinsically fair and competitive, at the same time as rewarding exceptional performance;
2. set a mix of fixed and variable ('at-risk') pay that is appropriate for the risk profiles and time horizons of different business units, but which also creates an incentive to act in the best interests of the Company overall as well as its shareholders; and
3. incorporate a significant deferred element that aligns the long-term interests of management with those of shareholders.

Over that period the Company has attracted an Executive Management Team (EMT) with a wide range of experience and industry backgrounds. Four of the five Key Management Personnel (KMP) have occupied executive positions in more than one business unit, and the average tenure as a direct report to the

Managing Director is 5.8 years[1]. With its longevity and experience across the Company, the EMT is well placed to make decisions in the overall best interests of the Company and its shareholders.

Two changes to LTI arrangements

While the Board considers the basic structure of its executive remuneration to be appropriate, it has resolved in light of feedback from stakeholders to make two changes to Long Term Incentive (LTI) arrangements. Both changes, which take effect from 1 July 2012, aim to reduce complexity and to increase the alignment of executive and long-term shareholder interests. They are as follows:

- the two re-tests that currently apply to the Long Term Incentive Plan (LTI Plan) will be removed, and;
- the performance period for the Options component of the LTI plan (which applies to the most senior LTI recipients, including all executive KMP) will be extended from 3 years to 4 years.

Some stakeholders also suggested that the performance hurdle and the associated comparator group for LTI awards should be reviewed. These issues were seriously examined by the Remuneration Committee and the Board. However, the Board has decided that the most appropriate hurdle, in light of the objective of aligning executives' and shareholders' interests, remains as relative Total Shareholder Return (TSR). The top approximately 150 executives receive LTI partly in the form of Options[2]. Two features of Options serve to tie the interests of senior executives to the overall interest of shareholders: they only have value if a relative TSR performance is achieved against a comparator group (the ASX-100) and if the absolute value of the Company's shares increases. Other measures, including Earnings Per Share (EPS), are used in the calculation of Short Term Incentive (STI), as are a range of operational and financial measures appropriate to an executive's specific business unit[3]. But the TSR measure best serves the LTI objective of aligning executives' long term interests with those of shareholders.

In relation to the choice of comparator group (currently the ASX-100) it was proposed by some stakeholders that a selection of Australian and global peers from similar industries be used instead. On review the Board has concluded this would add complexity and reduce transparency. Investors — and the award recipients themselves — have ready access to information about the ASX-100, both its constituent companies and their combined performance. There is no subjectivity in selection of ASX-100 constituents or the criteria by which they are chosen. The scale of the ASX-100 reduces sensitivity to the performance of a particular competitor or the influence of cyclical industry-specific factors. In addition, the peer group is intended to represent a set of investment options. For these reasons, the Board considers the ASX-100 a more appropriate comparator group than a limited selection of industry competitors.

Managing Director pay for FY2013

By mutual agreement, no changes are being made to pay arrangements for the Managing Director for FY2013. Fixed remuneration and the maximum level of both STI and LTI opportunities will be maintained at the same level as applied during FY2012.

Reducing complexity

During the year the Commonwealth Government responded to the Corporations and Markets Advisory Committee (CAMAC) April 2011 Executive Remuneration Report. CAMAC had been commissioned by the Government to identify ways to simplify legislation and "to reduce the complexity of remuneration reports". The Company strongly supports this objective.

The Government rejected five of CAMAC's nine recommendations.

One rejected recommendation was to repeal the reference to accounting standards in the governing legislation. CAMAC had noted that "the application of accounting methodology in a remuneration report can be confusing and misleading to shareholders without providing them with additional useful

[1] These figures do not include the Managing Director. Including the time spent by the Managing Director in the Managing Director role, average tenure of the EMT in EMT roles is 7.0 years.
[2] Half by value in the form of Options and half in the form of Performance Share Rights (PSRs).
[3] See section 4.3

information"[4]. Regrettably, the piecemeal adoption of parts of a set of integrated proposals arising out of detailed and expert review could increase rather than reduce complexity. In particular, the requirement to report accounting standards data for KMP (including the Managing Director), which CAMAC said can be "confusing and misleading" to shareholders, remains. The rejection of this particular recommendation misses an opportunity for genuine simplification of remuneration reporting.

While awaiting the Commonwealth's eventual regulation on the reporting quantification of executive remuneration, we have continued to streamline our Report and focus on succinct summaries of the "why and how" behind the framework we have adopted. In addition, section 6.4 of the Report presents remuneration outcomes in a form that reflects actual pay delivered, in addition to the accounting view required in the disclosure tables.

2. Key Management Personnel and Report Coverage

Key Management Personnel (KMP) during FY2011 and FY2012 are listed below:

Non-executive Directors - current		Notes
H K McCann	Independent Chairman	
J H Akehurst	Independent	
B G Beeren	Non-executive	Executive Director from March 2000 to January 2005
T Bourne	Independent	
G M Cairns	Independent	
R J Norris	Independent	Joined the Board 18 April 2012
H M Nugent	Independent	
Non-executive Directors - former		**Notes**
R Williams	Independent	Retired 29 October 2010
Executive Directors		
G A King	Managing Director	
K A Moses	Executive Director, Finance & Strategy	
Other KMP - current		
D A Baldwin	Chief Development Officer	Managing Director Contact Energy until 31 March 2011, Chief Development Officer since 1 April 2011, both KMP roles.
D Barnes	Chief Executive Officer, Contact Energy	Assumed KMP role of Chief Executive Officer, Contact Energy on 1 April 2011, prior roles non-KMP.
F G Calabria	Chief Executive Officer, Energy Markets	
P A Zealand	Chief Executive Officer, Upstream	
Other KMP - former		
A M Stock	Executive General Manager, Major Development Projects (until 31 March 2011)	Assumed non-KMP role of Director Executive Projects from 1 April 2011
R J Willink	Executive General Manager, Geoscience & New Ventures (until 30 June 2011)	Assumed non-KMP role of Director Exploration Projects from 1 July 2011

While the remuneration tables and detailed disclosures in this Report relate to the KMP of the Company, more broadly the Report also describes the remuneration arrangements applying to Executives and all Executive Management Team (EMT) as defined in section 9.

[4] Section 3.12.3 (page 105) of CAMAC's April 2011 Report on Executive Remuneration

3. Remuneration Governance

3.1 Remuneration Committee

The full Board is accountable for Director and executive remuneration and the policy and structure governing it. The Board Remuneration Committee, through its Chairman, reports to the full Board and advises on these matters. The Committee is comprised of a minimum of three members who must be Non-executive Directors. The majority of the Committee, and its Chairman, are independent. During FY2012 the Committee members were:

Remuneration Committee FY2012	
T Bourne (Chair)	Independent, Non-executive Director
B G Beeren	Non-executive Director
G M Cairns	Independent, Non-executive Director
H K McCann	Independent, Non-executive Director
H M Nugent	Independent, Non-executive Director

All five Committee members have significant experience with the Company's operations and with remuneration governance through experience with other board remuneration committees. All Non-executive Directors have a standing invitation to attend meetings of the Committee.

The Committee operates under a Charter which is published on the Company's website at originenergy.com.au. In particular, the Charter identifies the mechanisms to deal with conflicts of interest.

3.2 Remuneration Advisors

The Committee has established protocols for the engagement of and dealing with external advisors, including those defined as Remuneration Consultants for the purpose of the Corporations Act 2001. The protocols require engagement by the Committee, instruction by the Chairman of the Committee, delivery of reports direct to the Committee through its Chairman, and a prohibition on communication with Company management except as authorised by the Chairman and limited to the provision or validation of factual and policy data. The advisor must furnish a statement confirming the absence of any undue influence from management.

The Committee applies these protocols to advisors selected to provide benchmarking data that is used to support decisions for KMP, even where the advisors are not defined as Remuneration Consultants for the purposes of the Corporations Act 2001. As shown in the table below, the protocols were applied to Guerdon Associates and AON Hewitt during FY2012, on the basis of the provision of benchmarking data used by the Committee, though neither acted as a Remuneration Consultant for the purposes of the Corporations Act 2001:

Advisor/ Consultant FY2012	General benchmarking and data applicable outside KMP and across wider organisation	KMP Benchmarking and data used by Committee to formulate its own recommendations to Board	Remuneration Consultant for the purposes of the Corporations Act 2001
Guerdon Associates	Benchmarking of roles outside KMP	Yes	No
AON Hewitt	Benchmarking of roles outside KMP	Yes	No
The Hay Group	Hay PayNet® database access to remuneration survey data	No	No
Mercer Consulting	Fair valuation of LTI instruments, actuarial assessment of superannuation	No	No

4. Remuneration Objectives, Policy and Practice

4.1 Remuneration Objectives

Five objectives underpin the Company's remuneration framework:

1. Enable the Company to attract executives with a diverse range of backgrounds and experience;

2. Retain the right executives by remunerating fairly and competitively and by rewarding superior performance well (linking remuneration and personal performance);

3. Align executives' interests with those of shareholders by linking remuneration to long-term and sustainable value creation (linking remuneration and Company performance);

4. Recognise and reward internal talent, and provide opportunities for growth, development and promotion as an internal source for future executives; and

5. Align remuneration practice with community expectations through strong governance.

4.2 Remuneration Policy

In order to deliver against these objectives, our policy is to:

1. benchmark remuneration such that it is intrinsically fair and competitive, at the same time as rewarding exceptional performance;

2. set a mix of fixed and variable ('at-risk') pay that is appropriate for the risk profiles and time horizons of different business units, but which also creates an incentive to act in the best interests of the Company overall as well as its shareholders; and

3. incorporate a significant deferred element that aligns the long-term interests of management with those of shareholders.

The remuneration packages through which this policy is implemented each contain a fixed element and a variable element, in a mix appropriate to the executive's role.

4.2.1 Total Fixed Remuneration (TFR)

This element represents a "price for the job" taking into account the size and complexity of the role, its problem-solving and decision-making dimensions, and skills utilisation. This element is calibrated against equivalent and similar-size roles internally and externally, and the remuneration is benchmarked to the median of the external market (see 4.3.3). This ensures appropriate pay for the role.

TFR (also referred to as "fixed" or "fixed remuneration") refers to the known or "guaranteed" ongoing and regular benefits received during the year and includes cash salary, employer contributions to superannuation, and salary sacrifice benefits.

4.2.2 'At-Risk' remuneration

This element is variable and depends upon business and personal performance. The maximum potential amount a participant can earn through 'at-risk' remuneration is capped and occurs only where all assessment parameters, both business and personal, are each at their 'stretch' or maximum achievable outcomes. There is a range of hurdle and performance measures as shown on the Remuneration framework diagram in Table 4.3.1.

At-risk remuneration is divided into two parts: STI which is assessed on annual performance measures and delivered in cash; and LTI which is assessed on longer term measures and is deferred and currently delivered in the form of equity.

Achievement of goals “at target” represents a payout of 60 per cent of the maximum level. Target may be set at budget or other appropriate levels as considered by the Board. The maximum levels of At-risk remuneration are set out in section 4.3.2, and are achieved only where difficult stretch goals are met.

4.2.3 Aggregate Reward

The total of TFR plus At-risk remuneration is known as Aggregate Reward. Aggregate Reward at maximum is where the At-Risk elements are at maximum, and is benchmarked to reach the upper quartile or 75th percentile of the external market (see 4.3.3). This ensures that executives are appropriately rewarded when superior performance is achieved.

4.3 Remuneration Framework

The remuneration framework shows how the remuneration policy is implemented, and how performance is measured and linked to the objectives.

4.3.1 Remuneration framework

	Remuneration component	Delivery vehicle	Performance measure	Policy weighting section 4.3.2[1]	Strategic objective / performance link	Objectives reference section 4.1
Not at risk	Fixed remuneration	Cash, super, benefits	Position description	**FIXED** MD 27-38% KMP 31-45% Oth 43-81%	Secure resources to execute business plans	1, 2
AT-RISK REMUNERATION The proportion at risk increases with seniority	**STI**	Cash[2] paid annually after release of corporate results	Corporate Measure 1 Underlying EPS[3]	**STI AT RISK** (% of Aggregate Reward) MD 27-32% KMP 26-33% Oth 12-31%	Drive real annual earnings growth	2
			Corporate Measure 2 Group OCAT Ratio[3]		Measure of cash flow required to exceed risk-adjusted cost of capital, reflecting the long-term nature of the business	2, 3
			Divisional Measure (e.g. financial measures such as EBITDA, capital and opex management)		Reward achievement of specific divisional goals	2
			Individual measure (e.g. safety, project delivery, culture-engagement)		Reward achievement of specific individual performance goals	4
	LTI	Deferred and share-based (Options and Performance Share Rights)	Allocation measure: Personal performance and development potential Vesting measure: Relative TSR	**LTI AT RISK** (% of Aggregate Reward) MD 34-41% KMP 27-38% Oth 7-27%	Reward creation of shareholder wealth (measured by outperformance of TSR relative to the comparator group, tested after 3 or 4 years[4])	3, 5

1 The range reflects outcomes expressed between target and maximum incentive outcomes as a percentage of Aggregate Reward. In this diagram, "KMP" refers to the average of executive KMPs (excluding the Managing Director, but including the Executive Director, Finance & Strategy) and "Oth" refers to the average of all other Executives.

2 Inclusive of any Superannuation Guarantee obligations.

3 Refer to sections 4.3.4, 6.2 and 9. The key performance indicators of Underlying EPS and Group OCAT Ratio together form the Corporate STI Performance Metric which applies to all STI participants, in addition to Divisional and individual performance hurdles.

4 3 years for PSRs, 4 years for Options

4.3.2 Remuneration mix

As part of the remuneration policy and framework, and with regard to the long-term nature of the Company's business, a significant number of employees (11 per cent) have a portion of their remuneration deferred.

For each position, the weighting between STI and LTI is aligned to the "risk focus" and the "time focus" of the role. The risk focus is defined as the ratio of at-risk pay to fixed pay (measured at maximum). As shown in the Remuneration Framework diagram (4.3.1), an increasing proportion of pay is placed at risk with increasing levels of responsibility ("risk focus"), and the time horizon also increases with increasing role accountabilities (measured as the ratio of LTI to STI, or the "time focus"). The longer the time horizon of the employee's responsibilities and decisions, the higher is the weighting to LTI, and the higher the level of deferral in the package. These relationships are summarised in the table and graph below:

Position	Maximum STI as % of Fixed	Maximum LTI as % of Fixed	Ratio LTI / STI	Ratio At risk/ Fixed	At risk as % of Total[1]	Proportion deferred (LTI/Total)[1]
Managing Director	120%	150%	1.25	2.70	73%	41%
Executive Director, Finance & Strategy	100%	120%	1.20	2.20	69%	38%
Other KMP - current	100%	100%	1.00	2.00	67%	33%
Other EMT (average)	72%	63%	0.88	1.35	57%	27%
Other Executives[2] – Level A	55%	45%	0.82	1.00	50%	23%
- Level B	45%	35%	0.78	0.80	44%	19%
- Level C	40%	30%	0.75	0.70	41%	18%
- Level D	25-35%	15-25%	0.60-0.71	0.40-0.60	29-38%	11-16%

[1] Total is the Aggregate Reward at maximum incentive outcomes

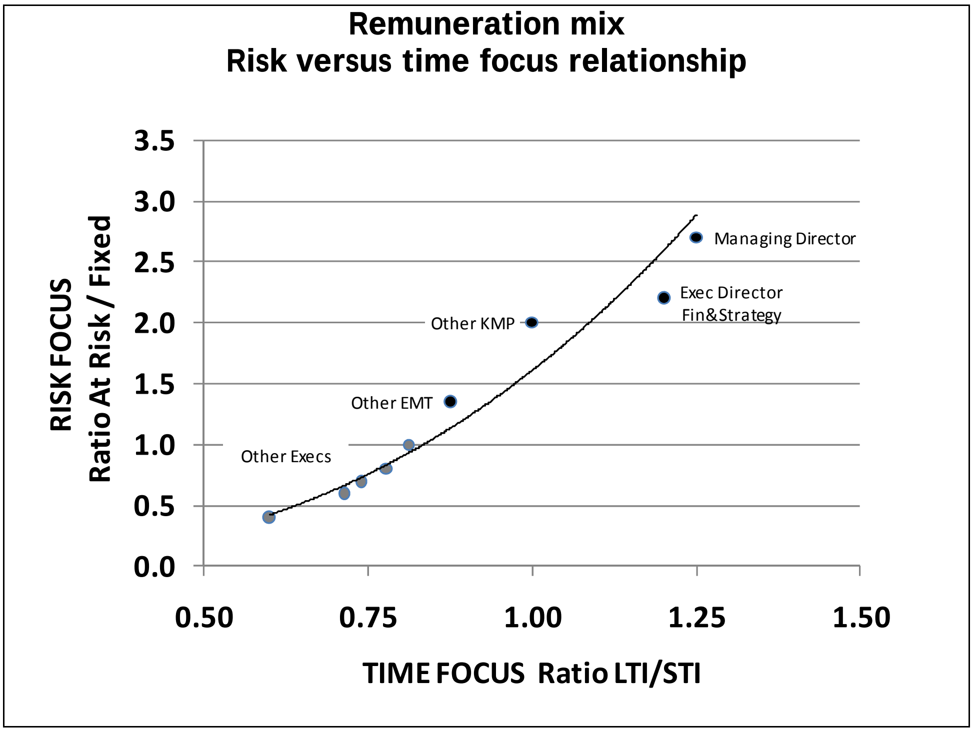
[2] Other Executives are broken down into salary brackets to show the different ranges of STI and LTI opportunity levels applying to the particular bracket.

The table below compares the level of deferred pay for the Company's Managing Director with the average of CEOs in ASX-100, showing that the Company's level of deferred pay whether at policy target or at maximum outcomes exceeds the actually awarded ASX-100 average level of deferral.

	Per cent of package deferred	Per cent of package not deferred
Managing Director at maximum At-Risk outcomes	41%	59%
Managing Director at 'Target' outcomes	34%	66%
Average CEOs ASX-100	32%	68%

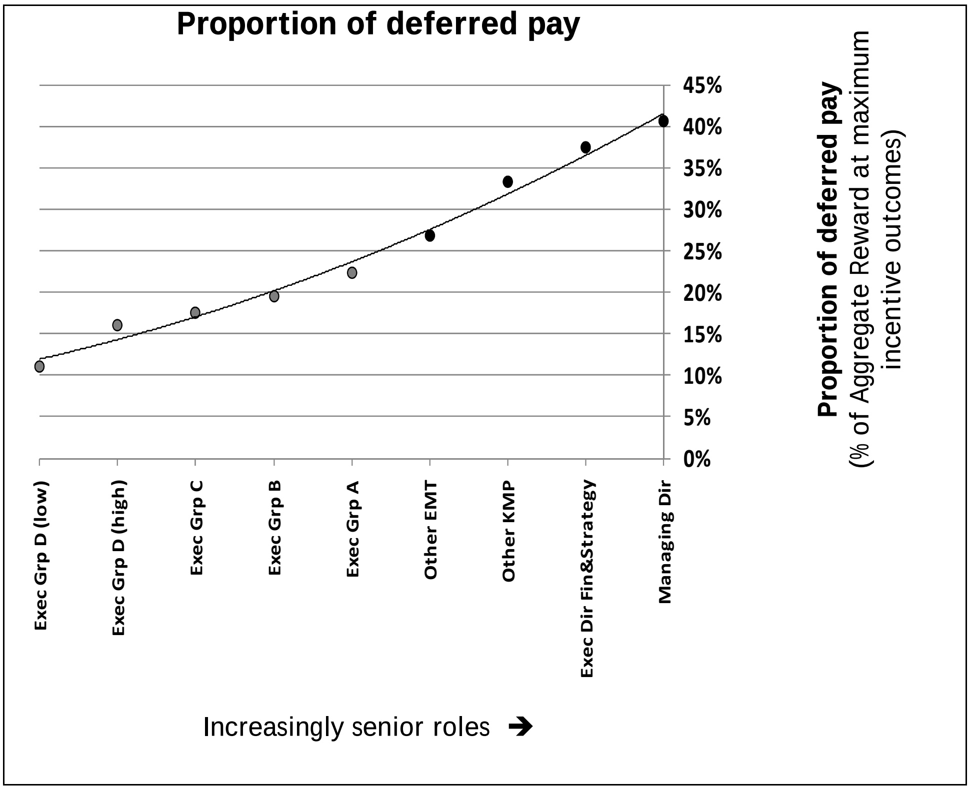
Source: Guerdon Associates analysis of 78 full-year CEOs from ASX-100, disclosures to 31 December 2011. The percentage that is deferred includes deferred STI, the disclosed amortised fair value of LTI grants and any unhurdled equity grants; the percentage that is not deferred includes base salary, fringe benefits, superannuation and cash STI.

Given the significant level of deferral already embedded into the Company's pay structure, and given that the deferral is included in the long term incentive due to the long-term nature of the business, the Board does not consider it appropriate to increase the deferred proportion by deferring part of the STI component.



With more senior roles there is an increase in the ratio of At-risk to Fixed pay, reflecting the increased risk focus; and also an increase in the ratio of long term incentive to short term incentive, reflecting the increased time horizon.

Data is shown at maximum At-risk outcomes.



The level of deferred pay as a proportion of the Aggregate Reward increases with more senior roles.

At maximum outcomes, more than 40% of the Managing Director's remuneration package is deferred.

4.3.3 Remuneration benchmarking

In addition to market data sourced through the advisors listed in section 3.2, the Company subscribes to published survey data and participates in industry forums (such as the National Rewards Group or NRG). Through these multiple channels the Company maintains an ongoing monitor of trends and developments within broad and specific markets.

The Company attracts people from, and loses people to, all major industry sectors, such that its people resource and competition is not confined narrowly by industry sector. Therefore the Company in FY2012 continued to adopt The Hay Group's "all organisations" benchmark of over 400 organisations as its prime benchmark reference for "the market" applicable to most of its employees. For job families in skills shortage areas (such as geosciences, subsurface engineering and some professional specialists) smaller peer groups such as those sourced through commissioned surveys and from industry forums such as NRG have been utilised to determine the relevant market.

As identified in section 4.2.3, Aggregate Reward (the total of TFR plus At-risk remuneration) is benchmarked such that, when at-risk outcomes are at their maximum potential, the result will meet the upper quartile (75th percentile) of the external market.

4.3.4 STI – Other details

The performance measures for STIs are shown in the framework at section 4.3.1. That framework also shows the opportunity levels for all at-risk pay. The opportunity levels, expressed as a percentage of TFR, applying to STI are:

Position	Target STI as % of Fixed	Maximum STI as % of Fixed
Managing Director	72%	120%
Executive Director, Finance & Strategy	60%	100%
Other KMP - current	60%	100%
Other EMT (average)	43%	72%
Other Executives	15-33%	25-55%

The whole of the STI is delivered in cash (including superannuation if required by superannuation regulation) and usually paid in September each year after performance reviews have been completed and after the release of annual results. As identified in section 4.3.2 no portion of this STI is deferred as executives already have a significant portion of their remuneration mix in the LTI component, which provides for at least three years deferral. As identified in section 1, the Board has increased deferral for Options to four years from FY2013.

The STI can be reduced if safety targets are not achieved. Such reductions were applied in the current and prior year.

As noted in section 4.3.1 the award of STI is subject to the achievement of a combination of corporate, division, and individual performance measures.

Corporate performance outcomes are reviewed by the Remuneration Committee and the full Board. The corporate performance measures are an equally weighted combination of underlying EPS and Group OCAT Ratio, to ensure an appropriate balance in incentive to grow earnings and generate a return on capital. In exceptional circumstances, the Board may adjust the measures or their relative weighting.

Individual performance goals are set with and assessed by the relevant manager, and approved by the manager's manager. The Corporate STI Performance Metric (comprising the two key performance indicators, Underlying EPS and Group OCAT Ratio, as shown in the diagram at 4.3.1) is reviewed by and approved by the Board. Division goals are set by the Managing Director at the beginning of each performance cycle and reviewed by the Remuneration Committee. EMT performance is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. Performance of the Managing Director is assessed and approved by the Board.

For the period during which Mr Barnes is on secondment to Contact Energy his performance is assessed by the Contact Energy Board.

4.3.5 LTI – Other details

The basic features of LTI are shown in the diagram at 4.3.1, and the detail is summarised in the table below. As described in the introduction, two changes have been made to the operation of the LTI Plan and will come into effect on 1 July 2012 – the removal of re-testing, and the vesting period for Options will be extended from three years to four years. Those changes have been made following review of external feedback about the Company's LTI arrangements and in the context of changes in prevailing market practices. While this Report discloses the Company's remuneration policy and practice for the year ended 30 June 2012, where relevant, changes applicable from 1 July 2012 are also highlighted.

<table>
<tr><th>LTI parameter</th><th>FY2012 details</th></tr>
<tr><td>Performance period</td><td><u>FY2012</u>
3 years (for Options and PSRs). Grants are made annually, usually in October, based on the outcomes of the assessment of Pre-allocation Performance conditions as described below.
<u>Changes for FY2013</u>
Options – Performance period extended to 4 years</td></tr>
<tr><td>Opportunity level</td><td>The maximum opportunity level expressed as a percentage of TFR is determined by the individual's relative influence on Company performance and by the risk versus time-focus as described in section 4.3.2.
<table>
<tr><th></th><th>Role</th><th>Target LTI (% Fixed)</th><th>Max Potential LTI (% Fixed)</th></tr>
<tr><td>KMP</td><td>Managing Director</td><td>90%</td><td>150%</td></tr>
<tr><td></td><td>Executive Director, Finance & Strategy</td><td>72%</td><td>120%</td></tr>
<tr><td></td><td>Other KMP - current</td><td>60%</td><td>100%</td></tr>
<tr><td>Other</td><td>Other EMT</td><td>38%</td><td>63.3%</td></tr>
<tr><td></td><td>Other Executives</td><td>9-27%</td><td>15-45%</td></tr>
</table>
Opportunity levels are reviewed annually against market benchmarks to align with the objectives as outlined in sections 4.1 and 4.3.3, and set at the beginning of the financial year.</td></tr>
<tr><td>Vehicle</td><td>The LTI vehicles are:
(a) Performance Share Rights (PSRs), which are the right to a fully paid share in the Company at no cost; and/or
(b) Options, which are the right to a fully paid share in the Company upon payment of an exercise price. For the FY2012 allocation, the exercise price was determined as the volume weighted average market price for the Company's shares traded on ASX in the ten trading days leading up to and including the date of grant (26 September 2011).
For approximately one-third of eligible participants (those occupying the most senior roles in the Company) the payment vehicle is in the form of a mix of PSRs and Options (half each by fair value).
For the remainder of the eligible participant pool, the payment vehicle is wholly in the form of PSRs.
While under secondment to Contact Energy (see section 2) Mr Barnes participated in Contact Energy's LTI arrangements (refer to Contact Energy's website – contactenergy.co.nz). The maximum opportunity refers to the combined LTI from Origin Energy and/or Contact Energy in any given year.</td></tr>
</table>

LTI parameter	FY2012 details
Pre-allocation performance condition	The diagram at 4.3.1 shows that the extent to which an individual is awarded any part of their maximum opportunity is first subject to an assessment of performance and future development potential. The Company's performance management and talent management systems provide input to this process. The Managing Director's performance is assessed by the Board. The performance of other EMT members including the Executive Director, Finance & Strategy is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. The pre-allocation process results in grants that are generally between 30% and 100% of the Executive's maximum potential identified in their remuneration package. In exceptional circumstances the Board may award more than the maximum to an individual. Any unallocated portion of an individual's maximum LTI opportunity is forfeited. The actual allocated LTIs will then be subject to a further post-allocation (vesting) performance condition of relative TSR over a further performance period of 3 or 4 years, as described further below.
Valuation	The number of Options and/or PSRs for each executive is calculated by dividing the allocation value of the LTI award for that executive by the independently-determined fair market value of the unit Option and/or PSR estimated at the date of grant. The fair value is calculated using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account market conditions and performance hurdles. Because the Options and the PSRs have different values, an Executive receiving a 50/50 mix by value will receive a different number of each. For the Managing Director and the Executive Director, Finance &Strategy, the maximum value of the potential LTI award, as recommended by the Board, is submitted for approval by shareholders at the AGM held in the performance year to which the award relates. The actual number of Options and/or PSRs will be calculated at the time of the decision to make the award, shortly after the release of the financial results of that performance year, based upon the independently-determined fair values at that time.

<table>
<tr><th>LTI parameter</th><th>FY2012 details</th></tr>
<tr><td>Post allocation performance condition and vesting scale</td><td>After allocation, the PSRs and Options are subject to a further performance condition in order to vest. This performance condition is Relative TSR against the ASX-100 group of companies (as comprised at the date of grant) measured at the end of the performance period.
The degree to which the award vests is determined by the Company’s percentile ranking against the following vesting table:
<table><tr><th>TSR percentile rank</th><th>% Vest</th></tr><tr><td><50th</td><td>Nil</td></tr><tr><td>50th</td><td>50%</td></tr><tr><td>75th or higher</td><td>100%</td></tr></table>Between the 50th and 75th percentiles the percentage of award vesting increases proportionately on a straight line basis.

Prior to vesting and allocation of shares, any unvested and unexercised Options and/or PSRs do not carry any voting rights or entitlements to dividends.

On capital reorganisation, the number of unvested awards to which each participant is entitled, or the exercise price (if any) or both, will be adjusted in a manner determined by the Board in order to minimise or eliminate any material advantage or disadvantage to the participant. If new awards are granted, they will, unless the Board determines otherwise, be subject to the same terms and conditions as the original awards.

Options that vest must be exercised together with payment of the exercise price, upon which shares are then allotted. PSRs have a zero exercise price and (since 1 July 2011) shares are allocated automatically on vesting.</td></tr>
<tr><td>Re-testing</td><td><u>FY2012</u>
Independent testing of TSR is undertaken at the end of the performance period and vesting occurs according to the ranking achieved.

At the end of the performance period, if less than 100% vests, a re-test is carried out at the fourth and again, if necessary, at the fifth anniversary of the grant. Any re-test is based on the full 4-year or 5-year TSR outcomes (not on the incremental period). Vesting from a re-test can occur only to the extent that a higher percentile ranking than the prior test is achieved.

<u>Changes for FY2013</u>
Re-testing discontinued for all grants after 1 July 2012. Any unvested LTI after the test at the end of the performance period lapses immediately (see discussion in section 1).</td></tr>
<tr><td>Early vesting</td><td>Early vesting may occur in limited circumstances, subject to the performance condition being achieved (i.e. at the end of the truncated performance period):
on a person/entity acquiring 20% or more of the relevant interest in the Company pursuant to a takeover bid that has become unconditional, or on a person/entity otherwise acquiring 20% or more of the a relevant interest in the issued capital of the Company;
on termination of employment due to death or permanent disability; or
in other circumstances where the Board determines appropriate (note: such discretion has not been exercised by the Board to date and would require exceptional circumstances).</td></tr>
</table>

LTI parameter	FY2012 details
Exercise period, expiry and forfeiture	**FY 2012** Options may be exercised only where the performance condition has been met, to the extent set out in the vesting table. Options that vest must be exercised together with payment of the exercise price. Since 1 July 2011, PSRs that vest are exercised automatically. The LTI Plan Rules provide that unvested or unexercised Options and PSRs lapse on cessation of employment unless the Board exercises discretion in exceptional circumstances (such as death, disability, or genuine redundancy) to hold unvested Options or PSRs "on foot" subject to their normal performance hurdles and other Plan conditions. In addition, the Plan Rules provide that unvested or unexercised Options and PSRs lapse up to a maximum of 7 years after grant. For FY2012 awards, Options and/or PSRs that have not vested by the 5th anniversary after grant will lapse. Any vested but unexercised Options will lapse 5¼ years after grant. **Changes for FY2013** PSRs or Options that do not vest at the single test date will lapse immediately.
Anti Hedging policy	The Company's policy has long required that employees not trade instruments or other financial products which operate to limit the economic risk of any securities held under any equity-based incentive schemes, while those holdings are subject to performance hurdles or are otherwise unvested. Non-compliance may result in summary dismissal.

4.3.6 Safety and Employee Share Plan (ESP)

Safety is a core issue reflected at multiple levels throughout the STI arrangements. At a corporate level, failure to achieve company-wide targets affects the senior population through "safety deduct" mechanisms that may reduce the Corporate STI Performance Metric (section 6.2), and affects the whole employee workforce through the operation of the Employee Share Plan (ESP), discussed below.

In addition, operating businesses utilise business-wide safety measures in STI KPIs (see 4.3.1) affecting senior employees in the particular business, and safety KPIs where appropriate may also be included amongst personal KPIs.

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

For FY2012 a safety target was set for the recording of 30,000 safety observations. The target was fully met and the Company is committed to awarding $1,000 of shares to approximately 3,800 eligible employees (or a pro-rata amount for eligible part-time employees). It is proposed that the Company will acquire the requisite shares on market for transfer to employees to meet this commitment during September 2012, subject to compliance with applicable regulations.

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

4.3.7 Retention Plan

As part of the Company's ongoing operations, from time to time, the Board has approved deferred payment arrangements to reduce the risk of losing key employees who manage critical activities, or occupy roles that are key to the delivery of operating or strategic objectives, or undertake functions requiring skills that are actively solicited in the market. The arrangements allow for the key employees to be provided with Deferred Share Rights (DSRs) or deferred cash payments provided that they remain in employment to a nominated date (generally two-four years in the future) and achieve personal performance targets.

No new deferred cash arrangements under the Plan were implemented during FY2012, and the number of deferred cash arrangements outstanding at 30 June 2012 was nine (2011 – 39). None of the arrangements applied to members of the KMP.

The DSR Plan was approved by the Board in early 2010 to provide an equity grant as a preferred alternative to cash. The period of deferral is four years and the equity is time vested in equal amounts at the ends of the second, third and fourth year.

The first DSRs were issued during FY2012. At 30 June 2012, 161,448 DSRs had been issued to 16 recipients of DSRs under the Plan (2011 – nil). None of the recipients were members of the KMP.

4.3.8 Gender pay equity

The Company policy is to deliver equal pay for equal work. During its annual salary review processes it employs a number of checks and balances to maintain an average variation between genders across all grades within plus or minus two per cent with evenly distributed fluctuations. Analysis is also undertaken of point-of-hire salary decisions to eliminate potential gaps arising in hiring decisions.

The Company has a structural imbalance in terms of gender distribution (females are over-represented in lower-graded jobs and under-represented in higher-graded jobs) and has implemented monitoring measures focused on increasing the proportion of women in senior roles over time. These include the review of interview panel constitution and the gender balance of shortlists to provide checks against systemic bias in appointment and hire decisions.

5. Contractual Details

The table below sets out the main terms and conditions of the employment contracts of the Managing Director and executive KMP (excluding Non-executive Directors). As noted in section 4.2, the contractual terms were determined with reference to the size and complexity of the job roles, benchmarked against the external market, and reflect the principles of reward for performance and alignment with the interests of shareholders.

Role	Contract Expiry	Notice Period	Termination Payments (subject to termination benefits legislation)
Managing Director	To 30 June 2014	• 12 months by either party • Immediate for misconduct, breach of contract or bankruptcy • 6 months for extended illness	• Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination “without cause”, pro rata STI is payable
Executive Director, Finance & Strategy and other executive KMP	Ongoing (no fixed term)	• Up to 3 months by either party • Immediate for misconduct, breach of contract or bankruptcy	• Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination “without cause” pro rata earned STI is payable • For Company termination “without cause” payment equivalent to 3 weeks’ fixed remuneration per year of service capped at 74 weeks; a minimum may also apply (generally 18-22 weeks)

The above includes arrangements agreed prior to the amendments to the *Corporations Act 2001* (Cth) regarding termination payments which came into effect on 24 November 2009. Entitlements under pre-existing contracts are generally not subject to the new limits on termination payments. The new legislative provisions apply to KMP contract variations after 24 November 2009 and to agreements with KMPs appointed after 24 November 2009.

Details regarding the Managing Director's remuneration arrangements are provided in earlier sections of this Report but are included in the summary below for completeness:

Element	Details
TFR	The Managing Director's fixed remuneration for FY2012 was $2,500,000. During the period the Board commissioned two external reports on chief executive remuneration providing detailed benchmarks across a range of domestic and international peer groups. No change has been made to the Managing Director's fixed remuneration for FY2013.
STI	The Managing Director's maximum STI opportunity level is 120% of TFR (72% at target). 60% of the Managing Director's STI is determined by the Corporate Performance Metrics and 40% on individual measures. Individual measures may include major project deliverables, succession planning and human resource objectives, safety performance, and strategic positioning targets. Company performance for FY2012 was determined against two equally weighted measures, Group OCAT Ratio and growth in Underlying EPS (see section 6.2). No change has been made to the Managing Director's STI opportunity level for FY2013.
LTI	The Managing Director's maximum LTI opportunity level for FY2012 was 150% of TFR. The Managing Director maintains a significant shareholding in the Company, as reflected in Table 8.6 of this Report (and equivalent tables in prior Reports). No change has been made to the Managing Director's LTI opportunity level for FY2013.

6. Company Performance and Remuneration Outcomes

6.1 Company Performance Summary

The Company reported a Net Profit after Tax and Non-controlling interests (“Statutory Profit”) of $980 million for the year ended 30 June 2012, an increase of 427 per cent compared with $186 million reported in the prior year. The key drivers for the change in Statutory Profit were a 33 per cent or $220 million increase in Underlying Profit from $673 million to $893 million, a gain on the dilution of the Company’s interest in Australia Pacific LNG, and an increase in the fair value of financial instruments, partly offset by impairments, and transition and transaction costs primarily relating to the Retail Transformation Project and the NSW acquisition.

At an underlying level, the Company delivered a strong increase in earnings with Underlying EBITDA up 27 per cent or $475 million to $2,257 million, underpinned by a full year’s contribution from the acquisition of the NSW retail businesses, Country Energy and Integral Energy, and the Eraring and Shoalhaven GenTrader Agreements. Group operating cash flow after tax increased by 12 per cent or $196 million to $1,781 million.

In Energy Markets the NSW acquisition, supported by effective wholesale portfolio management drove a 33 per cent in Underlying EBITDA to $1,562 million. Lower exploration expenses of $49 million compared with $118 million in the prior year, and higher commodity prices drove a 23 per cent increase in Underlying EBITDA to $329 million in the Exploration and Production business, while in Contact, higher wholesale prices and lower gas and carbon costs led to a 16 per cent or $55 million increase in Underlying EBITDA to $400 million.

Australia Pacific LNG approved a US$14 billion final investment decision on the first phase of its CSG to LNG project in July 2011. This investment decision secured a 4.3 million tonne per annum (mtpa) LNG supply agreement with Sinopec, in addition to Sinopec’s subscription agreement for a 15 per cent interest in the incorporated joint venture, diluting the Company's interest to 42.5 per cent. During the year, further LNG off take agreements were signed with Kansai Electric for approximately 1 mtpa, and Sinopec for an additional 3.3 mtpa, marking the completion of marketing for both LNG trains. Sinopec also committed to increasing its shareholding in Australia Pacific LNG to 25 per cent, which was finalised following Australia Pacific LNG's A$23 billion final investment decision on the second train in July 2012. The finalisation of this further diluted the Company’s interest in Australia Pacific LNG to 37.5 per cent, and the Company has signalled its intention to further reduce this interest to around 30 per cent through a joint process with ConocoPhillips. The joint venture also secured US$8.5 billion in project finance facilities during the period (subject to customary conditions precedent, including certain government approvals), significantly strengthening the Company’s liquidity position.

During the year the Company made substantial progress on its major investments. Energy Markets successfully migrated 2.6 million customer accounts to the new billing and customer relationship management system, providing enhanced capability to optimise processes, reduce costs and improve sales outcomes. Integration of the acquired NSW businesses continued to progress well, and final commissioning of the 550 MW Mortlake Power Station is expected to be completed shortly after the end of the period. Construction of Contact's 166 MW Te Mihi geothermal project continued as planned.

The Company raised additional capital during the year, including a $266 million underwritten DRP, a US$500 million issuance of unsecured notes in the US 144a market, $900 million in subordinated notes in the Australian retail bond market, and $800 million of additional debt facilities. This additional capital further strengthens the Company's balance sheet, improving liquidity and diversifying its funding sources. As at 30 June 2012 the Company had committed undrawn debt facilities and cash (excluding Contact and bank guarantees) totalling $4.2 billion.

6.2 Ten Year Performance History

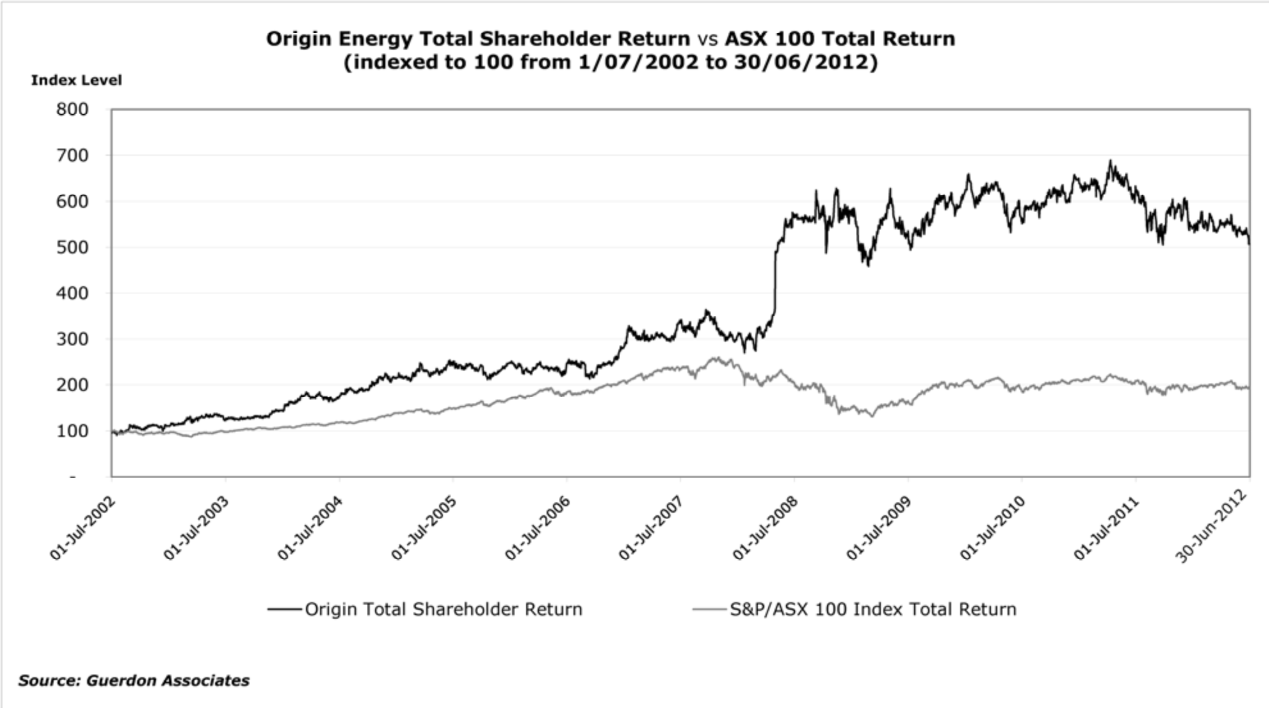
The following table outlines the Company's performance over a number of key performance indicators, with the highlighted rows relating to the performance metrics used in the STI and LTI plans as depicted in the framework at section 4.3.1. As shown in the framework, the Corporate STI Performance measure is made up of two corporate measures, Underlying EPS and Group OCAT Ratio.

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

In terms of LTI, awards during the period have had a vesting period of three years from grant to test date; the three-year rolling TSR performance in the table below approximates shareholder returns during those vesting periods.

TEN YEAR PERFORMANCE HISTORY [1]	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TEN YEAR CAGR [6]
EARNINGS											
Revenue $m	3,327	3,522	4,870	5,880	6,436	8,275	8,042	8,534	10,344	12,935	14.5%
Statutory Profit $m	162	205	301	332	457	517	6,941	612	186	980	
Statutory EPS – basic [2] cents per share	23.5	29.2	38.4	40.7	53.1	57.4	768.8	67.7	19.6	90.6	
Underlying Profit $m	162	205	301	338	370	443	530	585	673	893	18.6%
STI PERFORMANCE CONDITION											
Underlying EPS – basic [2] cents per share	**23.5**	**29.2**	**38.4**	**41.5**	**43.0**	**49.2**	**58.7**	**64.8**	**71.0**	**82.6**	13.4%
Group OCAT Ratio %	**15.6**	**17.5**	**12.9**	**15.0**	**13.7**	**12.3**	**10.4**	**10.9**	**13.0**	**11.5**	
Corporate STI Performance Metric Outcome (%) [3]	**100.0**	**100.0**	**81.9**	**67.5**	**95.0**	**70.0**	**45.0**	**77.0**	**70.0**	**92.4**	
TOTAL SHAREHOLDER RETURN (TSR)											
Dividends (cents)	10.0	13.0	15.0	18.0	21.0	50.0 [4]	50.0	50.0	50.0	50.0	17.5%
Share Price 30 June [2] $	3.76	5.24	7.28	7.04	9.51	15.43	14.23	14.52	15.79	12.20	12.5%
Annual TSR %	22.6	42.5	42.0	-1.0	38.4	66.2	-5.3	5.3	12.3	-19.9	17.6%
LTI PERFORMANCE CONDITION											
TSR (Rolling 3-Year CAGR [5] %pa)	39.3	26.0	35.4	26.1	24.9	31.6	29.6	18.3	3.8	-1.8	

1 Years FY2003, FY2004 and FY2005 are reported under previous AGAAP and have not been re-stated under A-IFRS.
2 Share price and EPS have been restated for the bonus element of the Rights Issues completed in April 2005 and April 2011.
3 See 4.3.1 and 4.3.4. Prior to FY2009 the Corporate STI Performance Metric was Group OCAT Ratio. Since FY2009 it is a combination of Underlying EPS and Group OCAT Ratio, equally weighted.
4 Includes additional dividend paid in November 2008.
5 Compound annual growth rate (%pa) for the 3 years ended 30 June. Three years corresponds to the LTI vesting period (but note that LTI hurdles are tested 3 years after actual date of grant).
6 Compound annual growth rate (%pa) over ten years 1 July 2002 to 30 June 2012



The detailed TSR performance the 10 years to 30 June 2012 is shown in the graph above.

The 10-year compound annual growth rate is shown for key metrics in the right of the table above. While the ASX-100 Accumulation Index increased by 7.0 per cent average annual compound over the period, the Company's compound TSR was 17.6 per cent per annum. The Managing Director's total remuneration during the period has increased at a rate lower than this. Remuneration disclosures were not prepared under A-IFRS prior to FY2006. Using audited A-IFRS remuneration for the period FY2006-FY2012, the CAGR for Managing Director Aggregate Reward was 15 per cent per annum.

6.3 KMP Actual and Forfeit STI

The table below shows the STI opportunity levels, together with actual payout and forfeit proportions for FY2011 and FY2012.

KMP Current (excluding Non-executive Directors)	FY	Maximum STI as % of Fixed Remuneration	Actual STI as % of Maximum STI[1]	% of Maximum STI Payment Forfeited[2]	Actual STI Payment[3] $000
G A King	**2012**	120	78	22	2,350
	2011	120	76	24	2,100
K A Moses	**2012**	100	90	10	1,146
	2011	100	95	5	1,140
D A Baldwin[4]	**2012**	100	88	12	774
	2011	100	65	35	457
D Barnes[5]	**2012**	100	60	40	390
	2011[6]	100	79	21	286
F G Calabria	**2012**	100	71	29	710
	2011	100	95	5	843
P A Zealand	**2012**	100	62	38	440
	2011	85	85	15	489
KMP - former					
A M Stock	2012	-	-	-	-
	2011[6]	85	79	21	505
R J Willink	2012	-	-	-	-
	2011[6]	75	62	38	295

1 In exceptional circumstances the Board may award more than the maximum to an individual.

2 Where the actual STI payment is less than maximum potential, the difference is forfeited. It does not become payable in subsequent years. The minimum total value of the STI is nil if no performance conditions are met.

3 2012 STI constitutes a cash bonus granted for performance during the year ended 30 June 2012, determined following the close of 2012 results and paid in September 2012. 2011 STI constitutes a cash bonus granted for performance during the year ended 30 June 2011, determined following the close of 2011 results and paid in September 2011.

4 NZD/AUD annual average exchange rate 1.2947 for 1 July 2010-30 March 2011

5 NZD/AUD annual average exchange rate 1.2825 for 1 July 2011-30 June 2012 (1.3269 1 April 2011 -30 June 2011).

6 For the period as a KMP (see section 2).

6.4 Remuneration Outcomes Table FY2012

The following tables summarise the actual pay earned and delivered in respect of FY2012 for executive KMP, and the status of conditional pay awarded in this and prior periods.

This presentation is based on recommended amendments to the Corporations Act that were proposed in April 2011 by CAMAC[5] and the information in these tables is different from that which appears in Table 8.1. Table 8.1 is prepared in accordance with the Corporations Act and measured in accordance with accounting standards and includes expense amounts for items such as LTIs awarded in the current and prior years and other amounts which are expensed over the period in which they vest or before the period paid. The three tables in this section, **which are not additive**, are provided in order to present a clearer view of actual pay outcomes.

(a) Crystallised Past Pay
(past pay crystallised or forfeited in FY2012)

Name	Past Pay crystallised in FY2012 [1]	Past Pay forfeited in FY2012 [2]
Executive Directors		
G A King	1,677,216	-
K A Moses	402,538	-
Other Executive KMP		
D A Baldwin[3]	-	824,845[4]
D Barnes[3]	67,090	-
F G Calabria	223,628	-
P A Zealand	95,042	-

1 Past Pay Crystallised represents the value crystallised in FY2012 of LTI awarded in prior years and vested in FY2012. The value of equity is calculated at the date of vesting (irrespective of exercise). This is the number of Options or Rights vested multiplied by the market closing price of the Company's shares on the day of vesting, less any applicable exercise price. Where the exercise price exceeds the market price, the value is zero. In FY2012, vesting comprised LTI awards granted in September 2008 referable to the performance year FY2008.

2 Past Pay Forfeited represents the Grant Date fair value of LTI awarded in prior years and disclosed as remuneration in prior years, but lapsed and forfeited in FY2012. The original Grant Date fair value has not been adjusted for time value change. In FY2012, lapses for D A Baldwin comprise LTI awards granted by Contact Energy in July 2006.

3 NZD/AUD annual average exchange rate of $1.2825 (1 July 2011 to 30 June 2012) applied to the New Zealand Dollar denominated elements of pay.

4 Relates to Contact Energy securities.

(b) Present Pay
(pay earned and delivered in respect of FY2012)

Name	Fixed remuneration[1]	FY2012 STI for performance to 30 June 2012[2]	Present Pay FY2012[3]
Executive Directors			
G A King	2,694,706	2,350,000	**5,044,706** [4]
K A Moses	1,390,341	1,145,540	**2,535,881**
Other Executive KMP			
D A Baldwin	988,356	774,400	**1,762,756**
D Barnes [5]	644,951	390,000	**1,034,951**
F G Calabria	1,011,373	710,000	**1,721,373**
P A Zealand	730,732	440,200	**1,170,932**

1 Fixed remuneration is defined in section 4.2.1 and is the sum of base salary, non-monetary benefits, and superannuation.

2 FY2012 STI constitutes a cash bonus granted for the year ended 30 June 2012, determined following the close of FY2012 results and to be paid in September 2012.

3 Present Pay is the total of the two previous columns and represents the actual pay delivered in relation to FY2012 performance.

4 Present Pay for G A King for FY2012 was 10.8% higher than for FY2011.

5 NZD/AUD annual average exchange rate of $1.2825 (1 July 2011 to 30 June 2012) applied to the New Zealand Dollar denominated elements of pay.

[5] Corporations and Markets Advisory Committee, see Executive Summary

(c) Future Conditional Pay
(conditional payments deferred to future periods)

Name	Past Pay that may crystallise in the future [1]	Pay awarded for FY2012 that may crystallise in the future [2]
Executive Directors		
G A King	0	3,750,000 [3,4]
K A Moses	0	1,524,000 [4]
Other Executive KMP		
D A Baldwin	0	880,000
D Barnes	0	650,000
F G Calabria	0	1,000,000
P A Zealand	0	603,500

1 Indicative value at 30 June 2012. Includes all Past Pay LTI awarded in prior years that has not vested or lapsed as at 30 June 2012 but may vest (partially or fully) or lapse in a future period. The indicative value is calculated from the TSR ranking and implied vesting measured at 30 June 2012, and is based on the Company's closing share price at 30 June 2012 ($12.20) less any applicable exercise price. Where the exercise price exceeds the share price at 30 June 2012, the indicative value is zero. Awards in this column were granted between 30 September 2008 and October 2011 referable to performance years FY2008, FY2009, FY2010 and FY2011. As at 30 June 2012, all these awards had zero indicative value.

2 Intended fair value of LTI awards determined with respect to performance in FY2012 that may vest (partially or fully) or lapse in a future period.

3 Conditional pay awarded for FY2012 to G A King was 8.4% lower than conditional pay awarded for FY2011.

4 Pursuant to shareholder approval obtained at the 2011 AGM.

7. Non-Executive Director Remuneration and Fees

7.1 Policy

The Board's objectives and policies with respect to Non-executive Director fees are summarised below:

Objective	Policy
Promote independence and objectivity	Non-executive Directors are paid fixed fees and are not dependent on the financial results of the Company for their remuneration. This principle allows independent and objective assessment of executive and Company performance.
Attract and retain Directors who have the skills required by the Board and with a reputation for directorial skill and ability	Fees take into account the workload of the director on the Board and the Committees on which they serve. Fees are reviewed against companies of comparable market capitalisation to the Company.

The Chairman receives a base fee, and other Non-executive Directors receive base fees and Committee fees (inclusive of superannuation guarantee and salary sacrifice contributions). Directors can elect to receive this in the form of participation in the shareholder-approved Non-executive Director Share Plan (section 7.3).

The level of fees paid is based on the scope of director responsibilities and the size and the complexity of the Company. Non-executive Directors' fees are not subject to performance. The Board considers independently sourced market benchmark data in setting the level of remuneration required to attract and retain Directors with the necessary skills and experience for the Board.

7.2 Non-Executive Fee Structure

The aggregate cap for Non-executive Directors' remuneration was approved by shareholders at the 2010 Annual General Meeting. The Board does not propose a change to this cap for FY2013, but has approved an increase of four per cent in Board and Committee fees to apply for FY2013. The table below shows the structure and level of Non-executive Director fees for the current year and as approved by the Board for FY2013.

	$ '000	
Year ending 30 June	**FY2012**	**FY2013**
Board fees		
Chairman[1]	651	677
Director	189	196
Committee fees		
Audit		
Chairman	55	57
Member	28	29
Remuneration		
Chairman	45	47
Member	20	21
Health, Safety & Environment		
Chairman	40	42
Member	20	21
Risk		
Chairman & members	-	-
Nomination		
Chairman & members	-	-

1 The Chairman of the Board is a member of all Board Committees but receives no additional fees for such attendance.

7.3 Non-Executive Director Share Plan

Non-executive Directors are required to hold a minimum of 10,000 shares in the Company within three years of appointment. The Non-executive Director Share Plan allows the salary sacrifice up to $5,000 of fees per annum toward the acquisition of shares. Shares are acquired on-market by the Trustee of the Plan to be held for participating Non-executive Directors. The Trustee of the Plan may transfer to a Non-Executive Director a share acquired under the Plan after five years or upon retirement from office or death of the Non-executive Director.

No acquisitions of shares were made under the Non-executive Director Share Plan during the reporting period.

8. Remuneration Tables and Disclosures

8.1 Remuneration Table for FY2011 and FY2012

		Short-term benefits				Post-employment benefits	Long-term benefits			Totals		
		Base salary / fees	Contact Energy Fees[1]	Variable remuner-ation[2]	Non-monetary benefits and Other[3]	Superannuation	Options & Rights[4]	Accrued LSL	Termination Benefits	Total Remuneration	% of Total Remunera tion "At Risk"	% of Remunera tion in Options and PSRs
Executive Directors												
G A King	**2012**	2,456,248	163,743	2,350,000	30,963	43,752	3,162,818	140,468	-	8,347,992	66%	38%
	2011	2,255,664	102,343	2,100,000	52,344	44,336	2,975,141	130,454	-	7,660,282	66%	39%
K A Moses	**2012**	1,251,542	100,292	1,145,540	22,715	15,792	1,169,436	58,515	-	3,763,832	62%	31%
	2011	1,166,584	71,640	1,140,000	22,881	32,506	953,493	47,839	-	3,434,943	61%	28%
Executive KMP - Current												
D A Baldwin[5]	**2012**	852,008	102,339	774,400	314,463	15,792	1,206,338	65,226	-	3,330,566	59%	36%
	2011	774,879	21,240[6]	457,000	8,623	3,804	857,598[7]	2,587	-	2,125,731[7]	62%[7]	40%[7]
D Barnes[5]	**2012**	618,362	-	390,000	5,589	21,000	325,414	62,371	-	1,422,736	50%	23%
	2011	501,851	-	286,000	11,638	21,000	189,465[7]	5,435	-	1,015,389[7]	47%[7]	19%[7]
F G Calabria	**2012**	963,669	-	710,000	24,088	23,616	873,784	158,539	-	2,753,696	58%	32%
	2011	853,915	-	843,000	22,353	21,084	662,874	25,518	-	2,428,744	62%	27%
P A Zealand	**2012**	660,899	-	440,200	27,021	42,812	338,092	11,267	-	1,520,291	51%	22%
	2011	627,189	-	489,000	22,835	43,902	267,951	11,805	-	1,462,682	52%	18%
Executive KMP - Former												
A M Stock[8]	**2012**	-	-	-	-	-	-	-	-	-	-	-
	2011	755,255	-	505,000	47,593	23,412	453,434	38,668	-	1,823,362	53%	25%
R J Willink[8]	**2012**	-	-	-	-	-	-	-	-	-	-	-
	2011	544,687	-	295,000	47,757	85,738	222,928	26,164	-	1,222,274	42%	18%

8.1 Remuneration Table for FY2011 and FY2012 (continued)

		Short-term benefits				Post-employment benefits	Long-term benefits			Totals		
		Base salary / fees	Contact Energy Fees[1]	Variable remuner-ation[2]	Non-monetary benefits and Other[3]	Superannuation	Options & Rights[4]	Accrued LSL	Termination Benefits	Total Remuneration	% of Total Remunera tion "At Risk"	% of Remunera tion in Options and PSRs
Non-executive Directors												
H K McCann	**2012**	633,245	-	-	738	15,792	-	-	-	649,775	-	-
	2011	603,451	-	-	1,422	15,216	-	-	-	620,089	-	-
J H Akehurst	**2012**	205,208	-	-	204	23,792	-	-	-	229,204	-	-
	2011	174,784	-	-	220	25,216	-	-	-	200,220	-	-
B G Beeren	**2012**	218,489	120,468	-	1,515	15,792	-	-	-	356,264	-	-
	2011	211,451	84,689	-	1,553	15,216	-	-	-	312,909	-	-
T Bourne	**2012**	266,112	-	-	256	15,792	-	-	-	282,160	-	-
	2011	229,784	-	-	269	15,216	-	-	-	245,269	-	-
G M Cairns	**2012**	208,112	-	-	204	15,792	-	-	-	224,108	-	-
	2011	199,784	-	-	220	15,216	-	-	-	215,220	-	-
R J Norris[9]	**2012**	35,092	-	-	51	3,158	-	-	-	38,301	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-
H M Nugent	**2012**	278,112	-	-	204	15,792	-	-	-	294,108	-	-
	2011	268,451	-	-	220	15,216	-	-	-	283,887	-	-
Non-executive Directors (former)												
R Williams	**2012**	-	-	-	-	-	-	-	-	-	-	-
	2011	77,594	-	-	251	5,072	-	-	-	82,917	-	-
Totals[10]	**2012**	8,647,098	486,842	5,810,140	428,011	268,674	7,075,882	496,386	-	23,213,033		
	2011	9,245,323	279,912	6,115,000	240,179	382,150	6,582,884[7]	288,470	-	23,133,918[7]		

Footnotes to Table 8.1

(1) GA King, D A Baldwin, BG Beeren and KA Moses are the Company's nominees on the board of Contact Energy. Remuneration is converted to Australian dollars using an annual (1 July 2011 – 30 June 2012) average exchange rate of $1.2825 (2011 - $1.3028).

(2) Variable remuneration includes the STI in respect of the relevant reporting period based on achieving personal goals and satisfying specified performance criteria during that period plus any discretionary amounts awarded for exceptional contributions. FY2012 STI constitutes a cash bonus granted for the year ended 30 June 2012, determined following the close of FY2012 results and to be paid in September 2012. FY2011 STI constitutes a cash bonus granted for the year ended 30 June 2011, determined following the close of 2011 results and paid in September 2011.

(3) Non-monetary benefits include insurance premiums and fringe benefits such as car parking and reportable fringe benefits. Other includes monetary benefits of $296,246 associated with D A Baldwin's relocation from New Zealand to Australia is recorded as Other Benefits.

(4) Includes restricted shares for Contact Energy fees and the fair value of Options and PSRs awarded. The fair value of the Options and PSRs is calculated at the date of grant using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account hurdles. The fair value is allocated to each reporting period evenly over the period from date of grant to the first test date. The value disclosed is the portion of the fair value of the Options and PSRs allocated to the relevant reporting period. In valuing the Options and PSRs, market conditions have been taken into account.

(5) During employment with Contact Energy, D A Baldwin and D Barnes were paid in New Zealand currency. Remuneration is converted to Australian dollars using an annual average exchange rate of $1.2825 (1 July 2011 to 30 June 2012). For FY2011 the rates were 1.2947 (1 July 2010 to 31 March 2011 for D A Baldwin) and $1.3269 (1 April 2011 to 30 June 2011 for D Barnes). For Contact Energy, base salary includes holiday pay rate adjustments. Fixed remuneration and all or part of their variable remuneration for the period of employment with Contact Energy is reimbursed by Contact Energy.

(6) As Managing Director of Contact Energy (up to and including 31 March 2011), D A Baldwin did not receive any fees in his capacity as a director of Contact Energy nor was he a participant in the Contact Energy Directors' Share Scheme. Fees received have been in his capacity as director of Contact Energy subsequent to 1 April 2011.

(7) Re-stated to include fair values for Options, PSRs and restricted shares issued by Contact Energy.

(8) For the period as a KMP (see section 2).

(9) RJ Norris was appointed as a Non-executive Director on 18 April 2012.

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

Note: Fixed remuneration is defined in section 4.2.1 and is the sum of base salary, non-monetary benefits, and superannuation.

8.2 Details of equity grants

The table below lists the position of all current grants of equity-based incentive grants made to Directors and Executives. No terms of equity-settled share-based transactions (including Options, PSRs and DSRs granted as compensation to a KMP) have been altered or modified by the issuing entity during the reporting period or the prior period except as footnoted below.

Granted	Type	Number Outstanding	Exercise Price[1]	First Test Date	Expiry Date	Vested	Number Exercisable[2]	Percentage Exercisable[3]
28-09-2007	Options	300,000	$9.86	28-09-2010[4]	28-09-2012	Yes	300,000	100
28-09-2007	PSRs	131,000	Nil	28-09-2010	28-12-2012	Yes	131,000	100
28-09-2007	Options	815,600	$9.86	28-09-2010	28-12-2012	Yes	815,600	100
30-09-2008	PSRs	388,107	Nil	30-09-2011	30-12-2013	Yes	320,421	82.56
30-09-2008	Options	1,161,500	$15.84	30-09-2011	30-12-2013	Yes	958,934	82.56
28-09-2009	PSRs	427,295	Nil	28-09-2012	28-12-2014	No	-	0
28-09-2009	Options	1,056,500	$14.58	28-09-2012	28-12-2014	No	-	0
06-11-2009	PSRs	154,370	Nil	6-11-2012	6-02-2015	No	-	0
06-11-2009	Options	412,000	$15.47	6-11-2012	6-02-2015	No	-	0
10-05-2010	PSRs	4,322	Nil	10-05-2013	10-08-2015	No	-	0
10-05-2010	Options	11,600	$14.89	10-05-2013	10-08-2015	No	-	0
28-10-2010	PSRs	757,457	Nil	1-10-2013	31-12-2015	No	-	0
28-10-2010	Options	2,039,899	$14.91	1-10-2013	31-12-2015	No	-	0
15-10-2011	DSRs	11,292	Nil	1-04-2013	1-04-2013	No	-	-
		11,292	Nil	1-04-2014	1-04-2014	No	-	-
		11,292	Nil	1-04-2015	1-04-2015	No	-	-
15-10-2011	PSRs	42,886	Nil	1-04-2014	1-04-2016	No	-	0
15-10-2011	Options	174,316	$13.01	1-04-2014	30-06-2016	No	-	0
15-10-2011	DSRs	35,329	Nil	15-10-2013	15-10-2013	No	-	-
		35,329	Nil	15-10-2014	15-10-2014	No	-	-
		35,329	Nil	15-10-2015	15-10-2015	No	-	-
15-10-2011	PSRs	1,922,255	Nil	15-10-2014	15-10-2016	No	-	0
15-10-2011	Options	4,287,463	$13.01	15-10-2014	15-01-2017	No	-	0
11-04-2012	DSRs	7,195	Nil	1-02-2014	1-02-2014	No	-	-
		7,195	Nil	1-02-2015	1-02-2015	No	-	-
		7,195	Nil	1-02-2016	1-02-2016	No	-	-
11-04-2012	PSRs	98,409	Nil	11-04-2015	11-04-2017	No	-	0
11-04-2012	Options	362,570	$12.91	11-04-2015	11 Jul 2017	No	-	0

1 Adjustments to the exercise price of Options (in accordance with ASX Listing Rule 6.22) and to the number of unvested PSRs granted in FY2011 and for prior years were made during the reporting period as a result of the Rights Issue allotment.

2 The performance conditions are described in section 4.3.5.

3 The number of equity instruments exercisable is indicative. The number has been calculated by comparing the Company's TSR to the relevant performance group and applying the performance conditions noted in section 4.3.5 as at 30 June 2012. The number of Options and PSRs that become exercisable will be determined at the test date and may be different from that indicated here. An indicative number is not provided for Deferred Share Rights as these are subject to tenure and personal performance hurdles rather than a market hurdle.

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

8.3 Analysis of movements in Options and PSRs

A summary of the movement in FY2012, by value, of Options over ordinary shares and PSRs in the Company (and Options, PSRs and Restricted Shares in Contact Energy in the case of D A Baldwin and D Barnes) held by KMP is provided in the table below. Note that no Non-executive Directors hold Options or PSRs.

		Value of Options and PSRs ($)		
	Type	Granted[1]	Exercised[2]	Lapsed
Executive Directors				
G A King	Options	2,214,658	-	-
	PSRs	1,879,853	-	-
K A Moses	Options	825,338	1,510,760	-
	PSRs	700,564	-	-
Other KMP				
D Barnes[3,4]	Options	-	-	-
	PSRs	-	-	-
	Contact Options	306,043	-	-
	Contact PSRs	306,894	-	-
D A Baldwin[3,4]	Options	577,739	-	-
	PSRs	490,405	-	-
	Contact Options	-	-	313,840
	Contact PSRs	327,709[5]	-	2,653
	Contact Restricted Shares	-		508,352
F G Calabria	Options	610,200	-	-
	PSRs	517,953	-	-
P A Zealand	Options	244,385	-	-
	PSRs	207,447	-	-

(1) The allocated value of Options and PSRs granted in the year is the fair value calculated at grant date using a Black-Scholes algorithm with Monte Carlo simulation to account for hurdles has been independently calculated by Mercer. The value disclosed is the total value of the Options and PSRs. This amount is allocated to remuneration (Table 8.1) over the vesting period (i.e. from October 2011 to October 2014).

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

(3) Based on an exchange rate of 1.2825

(4) D Barnes and D A Baldwin's Contact securities were issued under the Contact Energy Employee Long-term Incentive Scheme as Chief Executive Officer or Managing Director (respectively) of Contact Energy. Contact Energy relies on NZSX Listing Rule 7.3.9 to allow participation of the CEO/Managing Director in the Long-term Incentive Scheme. D A Baldwin receives cash director's fees from Contact Energy in his capacity as a director post 1 April 2011 following the end of his secondment to Contact Energy, but will not be granted any further securities in Contact Energy under its Long-term Incentive Scheme. However he will retain existing securities subject to their corresponding exercise hurdles and vesting requirements.

(5) Contact PSRs issued in FY2012 to adjust for dilution on previously granted securities as a result of the Contact Energy Entitlement Offer and to replace existing Restricted Shares due to the closure of the Contact Energy Restricted Share Plan. Refer to refer to Contact Energy's website – www.contactenergy.co.nz.

8.4 Numbers of Options and PSRs granted, vested and lapsed in FY2012 and associated fair value

Options over ordinary shares and PSRs of the Company (and Options and PSRs in Contact Energy in the case of D A Baldwin and D Barnes) granted or vested to KMP are listed below. Note that no Non-executive Directors hold Options or PSRs and no KMPs hold DSRs.

KMP	Type	No Granted during FY2012	Grant Date	Fair Value[1]	Exercise Price	Vesting Date	Expiry Date	% vested FY2012	% forfeited FY2012[2]	No of options & PSRs vested FY 2012
Executive Directors										
G A King	Options	728,506	15/10/11	$3.04	$13.01	15/10/14	15/01/17	-	-	330,240
	PSRs	182,333	15/10/11	$10.31	Nil	15/10/14	15/10/16	-	-	127,448
K A Moses	Options	271,493	15/10/11	$3.04	$13.01	15/10/14	15/01/17	-	-	73,478
	PSRs	67,950	15/10/11	$10.31	Nil	15/10/14	15/10/16	-	-	30,588
Other KMP										
D Barnes	Options	-	-	-	-	-	-	-	-	12,384
	PSRs	-	-	-	-	-	-	-	-	5,098
	Contact Options	490,625	01/10/11	$0.62	$4.21	01/10/14	30/11/16	-	-	-
	Contact PSRs	327[3]	23/08/11	$2.60	Nil	01/10/13	30/11/15	-	-	-
		106,082	01/10/11	$2.88	Nil	01/10/14	30/11/16	-	-	-
D A Baldwin	Options	190,046	15/10/11	$3.04	$13.01	15/10/14	15/01/17	-	-	-
	PSRs	47,566	15/10/11	$10.31	Nil	15/10/14	15/10/16	-	-	-
	Contact PSRs[4]	3,291	23/08/11	$3.40	Nil	Note 3	Note 3			-
		93,017	21/06/12	$3.40	Nil	Note 3	Note 3			-
F G Calabria	Options	200,724	15/10/11	$3.04	$13.01	15/10/14	15/01/17	-	-	40,454
	PSRs	50,238	15/10/11	$10.31	Nil	15/10/14	15/10/16	-	-	16,993
P A Zealand	Options	80,390	15/10/11	$3.04	$13.01	15/10/14	15/01/17	-	-	17,338
	PSRs	20,121	15/10/11	$10.31	Nil	15/10/14	15/10/16	-	-	7,222

1 All values in Australian currency; fair values are at the date of grant.

2 The percentage forfeited in FY2012 represents the reduction from the maximum number of Options available to vest due to the highest level performance criteria not being achieved.

3 Contact PSRs issued to adjust for dilution on previously granted securities as a result of the Contact Energy Entitlement Offer.

4 3,291 Contact PSRs issued to adjust for dilution on previously granted securities as a result of the Contact Energy Entitlement Offer; and 93,017 PSRs to replace existing Restricted Shares due to the closure of the Contact Energy Restricted Share Plan. Vesting and expiry dates as per the underlying securities, fair value shown as the weighted average fair value for the various tranches represented. Refer to refer to Contact Energy's website – www.contactenergy.co.nz.

No Options or PSRs have been granted since the end of the reporting period. Options or PSRs were provided at no cost to the recipients. Unvested Options and PSRs expire on the earlier of their expiry date or on cessation of employment. The Options and PSRs are generally exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise Options and PSRs is conditional on the consolidated entity achieving certain performance hurdles. Details of the performance criteria are included in the LTI information in section 4.3.5 (and, for Contact Energy, refer to Contact Energy's website – www.contactenergy.co.nz).

8.5 Options and PSRs holdings and transactions

Movement during the reporting period in the number of Options and PSRs over ordinary shares in the Company (and, for D A Baldwin and D Barnes, restricted shares or Options and PSRs over ordinary shares in Contact Energy) held directly, indirectly or beneficially by the KMP including their related parties are listed below. Note that Non-executive Directors do not hold Options or PSRs.

	Year	Type	Held at Year Start	Granted during the year	Vested and Exercised	Lapsed	Held at Year End	Vested During Year	Vested & Exercisable at Year End
Executive Directors									
G A King	**2012**	Options	1,368,212	728,506	-	-	2,096,718	330,240	630,240
		PSRs	399,750	182,333	-	-	582,083	127,448	127,448
	2011	Options	1,497,000	371,212	500,000	-	1,368,212	300,000	300,000
		PSRs[2]	358,000	141,750	100,000	-	399,750	100,000	-
K A Moses	**2012**	Options	700,202	271,493	211,000	-	760,695	73,478	213,478
		PSRs	183,779	67,950	-	-	251,729	30,588	81,588
	2011	Options	717,000	145,202	162,000	-	700,202	140,000	351,000
		PSRs[2]	129,000	54,779	-	-	183,779	51,000	51,000
Other KMP									
D Barnes	**2012**	Options	56,990	-	-	-	56,990	12,384	12,384
		PSRs	21,540	-	-	-	21,540	5,098	5,098
		Contact Options	106,082	490,625	-	-	596,707	-	-
		Contact PSRs	23,574	106,409	-	-	129,983	-	-
	2011	Options	63,000	23,990	30,000	-	56,990	30,000	-
		PSRs[2]	23,500	9,040	11,000	-	21,540	11,000	-
		Contact Options	-	106,082	-	-	106,082	-	-
		Contact PSRs	-	23,574	-	-	23,574	-	-
D A Baldwin	**2012**	Options	178,369	190,046	-	-	368,415	-	-
		PSRs	66,221	47,566	-	-	113,787	-	-
		Contact Options	1,250,102	-	-	206,410	1,043,692	-	-
		Contact PSRs	104,655	96,308[3]	-	555	200,408	-	-
		Contact Restricted Shares	133,070	-	-	133,070	-	-	-
	2011	Options	60,000	118,369	-	-	178,369	-	-
		PSRs[2]	23,000	43,221	-	-	66,221	-	-
		Contact Options	779,156	470,946	-	-	1,250,102	-	-
		Contact PSRs	-	104,655	-		104,655	-	-
		Contact Restricted Shares	133,070	-	-	-	133,070	-	-

	Year	Type	Held at Year Start	Granted during the year	Vested and Exercised	Lapsed	Held at Year End	Vested During Year	Vested & Exercisable at Year End
F G Calabria	**2012**	Options	309,166	200,724	-	-	509,890	40,454	104,454
		PSRs	94,271	50,238	-	-	144,509	16,993	16,993
	2011	Options	401,000	104,166	196,000	-	309,166	64,000	64,000
		PSRs[2]	78,500	39,271	23,500	-	94,271	23,500	-
P A Zealand	**2012**	Options	95,599	80,390	-	-	175,989	17,338	17,338
		PSRs	36,390	20,121	-	-	56,511	7,222	7,222
	2011	Options	103,000	36,599	44,000	-	95,599	44,000	-
		PSRs[2]	38,500	13,890	16,000	-	36,390	16,000	-
A M Stock[4]	**2012**	-	-	-	-	-	-	-	-
	2011	Options	448,000	56,345	187,000	-	317,345	64,000	-
		PSRs[2]	64,500	21,570	23,500	-	62,570	23,500	-
R J Willink[4]	**2012**	-	-	-	-	-	-	-	-
	2011	Options	87,000	31,770	-	-	118,770	40,000	-
		PSRs[2]	33,000	12,028	14,500	-	30,528	14,500	-

1 Performance Share Rights (issued under the Contact Energy Share Option Scheme) replaced restricted shares from October 2010. Restricted shares issued prior to October 2010 remain held- by participants and subject to their exercise hurdles and vesting criteria.

2 PSRs granted during FY2011 include adjustment for dilution from the 2011 Rights Issue.

3 Contact PSRs issued in FY2012 to adjust for dilution on previously granted securities as a result of the Contact Energy Entitlement Offer and to replace existing Restricted Shares due to the closure of the Contact Energy Restricted Share Plan. Refer to refer to Contact Energy's website – www.contactenergy.co.nz.

4 For the period as a KMP (see section 2).

8.6 Equity holdings and transactions

Movements during the reporting periods in the number of ordinary shares of the Company (and, in the case of D A Baldwin and D Barnes, Contact Energy) held directly, or indirectly or beneficially by KMP, including their related parties:

	Year	Held at Year Start	Purchases[1]	Received on exercise of options	Received on Exercise of PSRs[2]	Sales	Held at Year End
Non-executive Directors[3]							
H K McCann	**2012**	349,012	-	-	-	-	349,012
	2011	286,245	62,767	-	-	-	349,012
J H Akehurst	**2012**	71,200	-	-	-	-	71,200
	2011	14,750	56,450	-	-	-	71,200
B G Beeren	**2012**	1,360,015	21,665	-	-	-	1,381,680
	2011	1,235,020	124,995	-	-	-	1,360,015
T Bourne	**2012**	53,504	2,102	-	-	-	55,606
	2011	46,822	6,682	-	-	-	53,504
G M Cairns	**2012**	83,360	-	-	-	-	83,360
	2011	53,939	29,421	-	-	-	83,360
R J Norris	**2012**	-	20,000	-	-	-	20,000
	2011	-	-	-	-	-	-
H M Nugent	**2012**	38,204	630	-	-	-	38,834
	2011	31,059	7,145	-	-	-	38,204
Executive Directors							
G A King	**2012**	1,106,611	-	-	-	100,000	1,006,611
	2011	939,939	566,672	500,000[4]	100,000	1,000,000	1,106,611
K A Moses	**2012**	221,927	-	211,000[5]	-	195,553	237,374
	2011	220,000	4,927	162,000	-	165,000	221,927
Other KMP							
D Barnes	**2012**	59,668	-	-	-	-	59,668
	2011	22,794	13,005	30,000[6]	11,000	17,131	59,668
D A Baldwin	**2012**	10,000	393	-	-	-	10,393
	2011	-	10,000	-	-	-	10,000
F G Calabria	**2012**	234,469	-	-	-	-	234,469
	2011	90,993	44,976	196,000[7]	23,500	121,000	234,469
P A Zealand	**2012**	182,928	612	-	-	-	183,540
	2011	91,140	31,788	44,000[6]	16,000	-	182,928
A M Stock[8]	**2012**	-	-	-	-	-	-
	2011	448,068	56,534	187,000[9]	23,500	112,440	602,662
R J Willink[8]	**2012**	-	-	-	-	-	-
	2011	413,693	1,777	-	-	-	415,470

1 All existing participants in the plan took up their Rights entitlements during the FY2011 reporting period.
2 No amount was paid for the shares acquired on exercise of vested PSRs.
3 Includes shares acquired by participants of the Non-executive Director Share Plan as a result of their take-up of the pro-rata entitlements under the Rights Issue during the FY2011 reporting period. There were no allocations under the Plan.
4 Exercise price per share of $7.21. There are no amounts remaining unpaid.
5 Exercise price per share of $6.04. There are no amounts remaining unpaid.
6 Exercise price per share of $10.32. There are no amounts remaining unpaid.
7 86,000 shares had an exercise price of $7.21. 110,000 shares had an exercise price of $6.50. There are no amounts remaining unpaid.
8 For the period as a KMP (see section 2).
9 123,000 share had an exercise price per share of $7.21, 64,000 shares had an exercise price of $9.86. There are no amounts remaining unpaid.

9. Abbreviations and Key Definitions

KMP - Key management personnel	The term 'Key management personnel' is defined by *AASB 124 Related Party Disclosures* as all directors and those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity. For the consolidated entity, these are the individuals listed in section 2 of this Report.
Directors	Executive Directors and Non-executive Directors.
EMT - Executive Management Team	The Managing Director and managers who report to the Managing Director.
Executives	The EMT plus those employees who participate in the Company's long term incentive arrangements.
LTI	Long Term Incentive
STI	Short Term Incentive
TFR	Total Fixed Remuneration
TSR - Total Shareholder Return	The growth in Company share price over a specified performance period with dividends notionally reinvested on the ex-dividend date during the period. The share price is measured on a volume weighted basis for the three months preceding the relevant date.

Non-IFRS Financial Measures

This Remuneration Report includes certain Non-IFRS financial measures. Non-IFRS financial measures are financial measures that are presented other than in accordance with all relevant accounting standards. Non-IFRS financial measures are used internally by management to assess the performance of the Company's business and make decisions on allocation of resources. Certain Non-IFRS financial measures are used as performance metrics for remuneration outcomes as detailed in this Remuneration Report. The Non-IFRS financial measures included in this Remuneration Report are defined below.

Group OCAT Ratio	Operating Cash Flow After Tax (less interest tax shield) divided by Productive Capital. Interest tax shield represents the tax deduction for interest paid. Productive capital represents funds employed including 42.5% of Australia Pacific LNG (as at 30 June 2012) and excludes capital works in progress for projects under development which are not yet contributing to earnings.
Underlying Consolidated Profit (Underlying Profit)	Statutory Profit for the period (as reported in the Origin Energy Consolidated Group Income Statement for the Full Year Financial Statements), adjusted for items consistent with the manner in which the Managing Director reviews the performance of the business, as disclosed in note 2(b) of the Origin Energy Consolidated Group Full Year Financial Statements.
Underlying EBITDA	Underlying Earnings before interest, tax, depreciation and amortisation as disclosed in note 2(b) of the Origin Energy Consolidated Full Year Financial Statements.
Underlying earnings per share (Underlying EPS)	Underlying Consolidated Profit divided by the weighted average number of shares on issue in the year, as disclosed in note 37 of the Full Year Financial Statements for the Origin Consolidated Group.