Origin is Australasia’s leading integrated energy company. Since listing on the ASX in February 2000, Origin has been committed to delivering results, while also identifying opportunities to deliver value in the future.

It is this focus on strategy and performance that has enabled Origin to deliver 10 years of growth to shareholders.

As we look to the next 10 years, Origin will continue Acting for Tomorrow.
Origin has delivered significant returns to shareholders since listing on the ASX

Underlying Profit ........................................ 23%

Earnings per Share ...................................... 17%

Dividends per Share .................................... 24%

Total Shareholder Return ............................ 28%

All figures are 10 year Compound Annual Growth Rates to 30 June 2010. Total Shareholder Return is since listing.

CONTENTS
2 Performance highlights
3 A message from your Chairman and Managing Director
5 Business strategy
6 Operational review: Exploration and Production
7 Operational review: Australia Pacific LNG
8 Operational review: Generation
9 Operational review: Retail
10 Operational review: Contact Energy
11 Board and Management
12 Five year financial history
13 Map of assets and operations
13 Commitments, Principles and Values
Performance highlights

1 July 2009
Commercial operations commenced at Cullerin Range Wind Farm.

18 August 2009
Australia Pacific LNG site announced.

22 September 2009
Announced new gas field discovery in the northern Perth Basin.

28 September 2009
Entered agreement with Eden Energy to farm-in to a geothermal licence in the Cooper Basin adjoining geothermal licences held by Geodynamics.

7 November 2009
Commercial operations commenced at the expanded Mt Stuart peaking facility.

4 December 2009
Farmed-in to a prospective suite of exploration and appraisal opportunities in Lao PDR, Thailand and Vietnam.

Completed the transition of the majority of Origin’s Retail IT applications support and development and back office processes to transformation partner Wipro.

1 January 2010
Commercial operations commenced at Kupe Gas Project.

5 January 2010
Awarded two key upstream design, engineering and construction contracts for Australia Pacific LNG’s CSG to LNG export project.

15 January 2010
Announced the Transform Solar joint venture with Micron Technology Inc to develop solar photovoltaic technology.

21 January 2010
Talanga (Stage 2) commissioned by Australia Pacific LNG.

29 January 2010
Australia Pacific LNG draft Environmental Impact Statement lodged with Queensland Government.

24 February 2010
Established ‘shallows’ geothermal joint venture with Geodynamics to explore for renewable energy solutions in the Cooper and Eromanga basins.

25 February 2010
Australia Pacific LNG and QGC agreed joint development plan and gas sales agreements. Farmed-out a 50 per cent interest in the Canterbury Basin to Anadarko Petroleum Corporation.

16 March 2010
Completed Otway Gas Project acquisition, increasing stake to 67 per cent.

1 April 2010
Completed major maintenance shut-down of the BassGas Project.

23 May 2010
Commercial operations commenced at Contact Energy’s Te Huka geothermal power station.

30 June 2010
Exploration and Production business achieved 10 per cent increase in commodity sales revenues with production in line with prior year. 2P reserves increased by 38 per cent.

1 July 2010
Commercial operations commenced at Darling Downs Power Station.

Assumed operatorship of Otway Gas Project.
A message from your Chairman and Managing Director

As we enter our second decade, Origin’s performance will continue to be driven by a clear strategy, that delivers ongoing opportunities for growth, which is to be:

- positioned in the competitive segments of the energy chain;
- integrated across key segments, so as to better manage risk, and enhance the range of growth opportunities; and
- focused on the pursuit of opportunities that leverage the existing business, skills and knowledge.

In the past two years we have deployed approximately $5 billion in balance sheet capacity to grow and develop the business. As a result, a number of projects and acquisitions have made initial or increased contributions to Origin’s financial performance this year.

**STRONG PERFORMANCE**

For the financial year ended 30 June 2010, we are pleased to report that Origin is in a strong financial position. We have delivered growth in Underlying Profit. Our Operating Cash flow After Tax approached $1 billion per annum. This enabled us to fund significant growth while keeping gearing at a low 20 per cent, which provides considerable financial flexibility and enables investment in the continued growth of the Company.

Origin reported Statutory Net Profit After Tax of $612 million for the 2010 financial year, compared with $6.9 billion for the prior year. The Statutory Profit for both years contains a number of items that do not reflect the underlying performance of the business. For instance, in the prior year it included a benefit from the gain on the dilution of Origin’s interest in Australia Pacific LNG of $6.7 billion. Some of the benefits of the Australia Pacific LNG transaction have been used to fund the development of operating assets.

Excluding the impact of this and similar items, the Underlying Profit was $585 million for the financial year, a 10 per cent increase on an Underlying Profit of $530 million in the prior year.

**UNDERLYING EARNINGS**

Origin’s Underlying EBITDA for the 2010 financial year increased 10 per cent to $127 million to $1.35 billion. Underlying EBITDA for each of Origin’s businesses was as follows.

**Exploration and Production** Underlying EBITDA was $250 million compared with $264 million in the prior year. The contribution from the recently commissioned Kupe Gas Project and Origin’s increased equity interest in the Otway Gas Project was more than offset by the dilution of Origin’s CSG interests in Australia Pacific LNG, production constraints in the Bass and Cooper basins, production decline in the Perth Basin and expenses relating to the expanded offshore and international exploration program undertaken during the year.

**Generation** Underlying EBITDA increased 70 per cent to $182 million. Origin increased its generation fleet from 704 MW to 1,620 MW over the course of the 2009 calendar year through the addition of four new or expanded generation plants. The increased EBITDA reflected higher capacity payments from the Retail segment to Generation for this increased capacity.

**Retail** Underlying EBITDA increased 19 per cent or $89 million to $568 million, achieved through increased gross profit in electricity and gas, while maintaining a strong margin. Origin’s retail solar systems also contributed $346 million to Underlying EBITDA, a 6 per cent reduction on the prior year. Higher than normal rainfall during the year resulted in lower wholesale electricity prices which made it harder for Contact to recover higher gas costs and network charges.

**CHANGING POLICY ENVIRONMENT**

Origin’s strong financial performance has been achieved amid continuing uncertainty in global financial markets and in Australia a high level of policy uncertainty. During the course of the year, the Federal Government announced potential changes to the taxation of resource projects and its climate change policy.

Towards the end of the financial year, the Federal Government sought to introduce its Resources Super Profits Tax, which would have had a material adverse impact on a number of Origin’s projects and specifically, the Australia Pacific LNG project. Following significant public debate and industry consultation, the Government’s decision was to apply the existing Petroleum Resource Rent Tax to onshore oil and gas projects. While this represents an additional impost on industry, if passed, it provides greater certainty than the proposed Resources Super Profits Tax and better balances the risks and rewards of investing in resource projects.

Until early 2010, the Federal Government’s policy response to climate change had been following a dual pathway of an expanded Renewable Energy Target (RET), combined with an emissions trading scheme known as the Carbon Pollution Reduction Scheme (CPRS). The expanded RET has been implemented, providing industry with a more certain environment with respect to investment in...
wind, solar and geothermal. However, the CPRS has been delayed until at least 2013 and its future remains unclear. Without a price on carbon it is difficult to determine which generation technology we should invest in. In particular, investment in combined cycle gas generation is likely to be delayed until the future of the CPRS is determined, or the Government announces other broad based reduction policies.

Origin will continue to work with the Government on this major policy issue.

WELL POSITIONED FOR FUTURE GROWTH

Origin has funded a number of projects and acquisitions during the past two years which will contribute to the Company’s financial performance in 2011. These include:

- Full year contributions from the Kupe and Otway Gas projects and the continued expansion of Australia Pacific LNG’s domestic CSG production which is expected to reach more than 100 PJ per annum;
- A full year contribution from the Darling Downs Power Station and a contribution from the Mortlake Power Station for approximately three months; and
- Increased contribution by Contact Energy from new investments in the Stratford peaking plant and the Ahuroa gas storage facility which will reduce Contact’s exposure to periods of high rainfall.

We expect these major capital projects will provide substantial additional cash flows and contribution to EBITDA, and will result in a commensurate increase in depreciation and amortisation expense.

Origin also continues to invest in projects which will contribute to the growth of the Company over the long term. This will include a continuation of the high level of total exploration and appraisal expenditure incurred in 2010.

Total expenditure on gas and oil exploration activities is expected to be around $170 million, with the majority of expenditure in the first half of the 2011 financial year. Embedded in the profit guidance is an assumption that some elements of our exploration program may be unsuccessful and will therefore be expensed as part of the underlying performance of the business in the 2011 financial year.

Taking all these factors into account and based on current market conditions, we expect that Underlying EBITDA will increase by approximately 35 per cent in the 2011 financial year when compared with the prior year.

As a consequence, Underlying Profit for the 2011 financial year is expected to be around 15 per cent higher than the prior year.

CAPITALISING ON THE GROWING DEMAND FOR ENERGY

Looking forward, Origin is well-placed to benefit from the growing demand for energy both domestically and overseas.

Over the next year, Origin will address a number of opportunities with the potential to create significant additional value for shareholders. These include:

- A final investment decision by Australia Pacific LNG on its LNG project;
- The NSW Government’s energy asset sales process;
- Pursuit of a substantial portfolio of renewable energy opportunities including:
  - An extensive pipeline of wind development options;
  - Geothermal opportunities in Australia and overseas;
  - Further development of solar photovoltaic technology through Transform Solar, in joint venture with Micron Technology Inc;
  - Gas and oil exploration opportunities including prospects in Australia, New Zealand, South East Asia and Kenya;
- Implementation of the Retail Transformation program; and
- Expansion of Contact’s geothermal and peaking generation.

BOARD AND EMPLOYEES

The health and safety of our people and contractors continues to be our first priority. Encouragingly, we achieved a 38 per cent improvement in our Total Recordable Incident Frequency Rate to 5.6 at 30 June 2010. Despite this progress, we recognise we have much more to do. During the year, several employees and contractors were injured and we were deeply saddened by the death of one of our Queensland-based contractors. These facts are a sobering reminder of the risks we face, and of the importance of continuous improvement in safety.

As we pursue a number of opportunities to further grow and develop the business, we look to strengthen the skills and capabilities of our people. This year, our total employee numbers increased to 4,392(2), primarily through the growth of our Exploration and Production business.

We appreciate the contribution all of our employees have made to the growth and development of the business throughout the year.

Over the past 12 months, your Board has been active. It met 11 times and in addition, held several planning and review workshops.

It inspected first-hand the progress at some of Origin’s major development projects, including the official opening of the Kupe Gas Project in New Zealand. Members of the Board also visited the Otway Gas Project and Mortlake Power Station in Victoria. In addition, several meetings were held with operational management throughout the year.

Gender diversity on Boards and in the executive ranks has received focus from the community during the year. Origin has two women on its Board, or 22 per cent of its composition. Director Karen Moses is a member of the Executive Committee of Management and we are developing programs to improve participation rates of women in the executive group. We will be an early adopter of the ASX Governance Recommendations on Diversity on Boards and the workplace.

We would like to express our appreciation to our fellow directors for the commitment and dedication they bring to the Origin Board.

Finally, we would like to take this opportunity to thank all those associated with our business – our investors, customers, communities and employees – for their continued support. The strength of these relationships has been a major contributor to the growth of Origin over the past decade, and positions us well to continue delivering strong results in the future.

(2) Excluding Contact Energy
Business strategy: Strength through integration – fuel integrated generator and retailer

Origin’s strategic focus remains on the competitive segments of the Australian and New Zealand energy markets, with some opportunities in the fast growing energy markets of Asia. The Company seeks to deepen the integration within the business across the energy supply chain, to more effectively manage risk and create opportunities for growth.

FUEL
Origin’s Exploration and Production business targets gas resources close to markets so the Company can quickly and effectively develop and monetise any discovery. Origin is the largest holder of gas reserves in eastern Australia and a leading gas producer. Together with its domestic operations, Origin is working with ConocoPhillips in a joint venture to deliver one of Australia’s largest CSG to LNG export projects. To Origin, fuel also may take the form of wind resources, geothermal and hydro consents, or access to technology to harness solar energy.

GENERATION
Origin is the largest owner and developer of gas-fired electricity generation in Australia. When the Mortlake Power Station development is completed in 2011, Origin’s total generation capacity will be 2,800 MW. Among Origin’s assets is Darling Downs Power Station, which is powered by gas from Australia Pacific LNG’s CSG fields. It is the largest combined cycle power station in Australia and generates baseload electricity which emits less than half of the greenhouse gas and requires less than three per cent of the water used by a typical water-cooled coal-fired power station of the same capacity. Origin has also developed a substantial portfolio of renewable energy opportunities including wind, geothermal and solar photovoltaic energy.

RETAIL
Origin is a leading wholesaler and retailer of energy, servicing approximately 3 million customers with natural gas, electricity and LPG across Australia. Origin is Australia’s clear leader in green energy sales with over half a million green energy customers and a 46 per cent share of the national GreenPower market.

CONTACT ENERGY
Origin owns a 51.8 per cent interest in Contact Energy, one of New Zealand’s largest integrated energy companies. Contact also has an integrated energy position, including an extensive portfolio of gas supply arrangements, gas storage under development, a diverse and flexible generation portfolio, and a strong retail position with approximately 600,000 customers across the North and South islands.
Exploration and Production

Deployment of substantial capital and resources in recent years continues to deliver increased production capacity, while future growth opportunities are being pursued through Origin’s exploration program.

**INCREASE IN RESERVES AND PRODUCTION CAPACITY**

In 2010, the Exploration and Production business delivered significant reserves upgrades, increased production capacity and achieved significant exploration success. Origin also significantly increased its capabilities; now operating three major offshore developments with more than three quarters of production now coming from areas the Company operates. Notwithstanding these achievements, Underlying EBITDA for Exploration and Production decreased to $250 million from $264 million in the prior year. The contributions from the recently commissioned Kupe Gas Project and Origin’s increased equity interest in the Otway Gas Project were more than offset by the dilution of Origin’s CSG interests in Australia Pacific LNG, production constraints in the Bass and Cooper basins, production decline in the Perth Basin and expenses relating to the expanded offshore and international exploration program undertaken during the year.

The 2P (Proved plus Probable) reserves attributable to Origin across its areas of interest at 30 June 2010 totalled 6,207 PJe, which is an increase of 38 per cent on the prior year. A significant increase in reserves held by Australia Pacific LNG (see facing page), as well as reserves increases for the Kupe and Otway gas projects contributed to this result.

**SIGNIFICANT EXPLORATION ACTIVITY UNDERTAKEN**

During the year, Origin undertook an expanded exploration program over and above its usual level of activity. The Company embarked on a major offshore drilling program in Australian waters, drilling four wells across the Bass and Otway basins. In addition, Origin increased its international exploration program by farming-in to a prospective suite of exploration and appraisal opportunities in Lao PDR, Thailand and Vietnam. Two wells were drilled in these areas during the financial year.

As at 30 June 2010, four out of six wells completed as part of this expanded exploration program had encountered hydrocarbons. Costs associated with the two wells that did not encounter hydrocarbons have been included as exploration expenses in the financial results for this year.

In addition to the expanded exploration program, Origin participated in drilling campaigns in the Cooper and Perth basins, both of which yielded success. The Company also commenced a program of exploration drilling and pilot production testing for the Ironbark CSG project in ATP 788P, which it acquired early in 2009. Two core holes had been drilled by the end of the year with further drilling to be undertaken during the course of 2011.

In the coming year, Origin will continue with a high level of exploration and appraisal activity. This will include drilling two wells in the offshore Northland Basin in New Zealand, another well in the Bass Basin, three wells in South East Asia and an active Australian onshore program across the Company’s conventional and CSG assets. Origin will also be preparing for activity in the Canterbury Basin in New Zealand where farm-out partner Anadarko will undertake drilling in 2011.

**STRONG START FOR KUPE GAS PROJECT**

The Kupe Gas Project was officially opened on 18 March 2010 after a short and highly successful commissioning period. It provided six months of commercial production through to 30 June 2010 and produced its one millionth barrel of light crude oil or condensate. Reserves in the field have also been increased following a review of well data, early field production performance and field reservoir modelling. Initial 2P reserves increased by 11 per cent and included a 27 per cent increase in light oil.

During the period, Origin also increased its interest in the Otway Gas Project from 31 per cent to 67 per cent. Effective 1 July 2010, Origin became Operator of the joint venture.

**Key indicators**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($m)</th>
<th>EBITDA ($m)</th>
<th>Capital Expenditure* ($m)</th>
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<td>264</td>
<td>375</td>
</tr>
<tr>
<td>10</td>
<td>516</td>
<td>250</td>
<td>387</td>
</tr>
</tbody>
</table>

* Does not include acquisitions.
Australia Pacific LNG

Australia Pacific LNG is the leading producer of CSG in Australia and holds the country’s largest CSG reserves, and continues to meet major milestones in the development of its CSG to LNG export project.

**BOOST IN PRODUCTION CAPACITY AND 2P RESERVES**

Australia Pacific LNG is the largest producer of CSG in Australia and has increased production capacity this year to supply contracts with Darling Downs and Rio Tinto, demonstrating a capability to deliver and operate large scale CSG developments.

During the year, Australia Pacific LNG produced 71 PJ. Production capacity increased to over 300 terajoules (TJ) per day, and is expected to increase to 350 TJ per day – or the equivalent of 128 PJ per annum – by late 2010. This equates to approximately half the production capacity required to service a 4.5 million tonnes per annum LNG train.

The Spring Gully gas production facility continued to be developed during the year, while the Talinga Stage 2 gas production facility was commissioned in early 2010. Australia Pacific LNG also has interests in producing projects operated by others in the Bowen and Surat basins.

Australia Pacific LNG holds the largest CSG reserves in Australia and has established sufficient reserves and resources to more than cover a two train LNG development.

At 30 June 2010, 2P reserves increased by 40 per cent to 10,143 PJ. 3P (Proved, Probable plus Possible) reserves increased by 16 per cent to 14,598 PJ, while the combined reserves and resources attributable to Australia Pacific LNG increased to over 26,000 PJ. Origin has a 50 per cent interest in these resources.

**DEVELOPMENT AGREEMENT SIGNED**

In February 2010, Australia Pacific LNG and QGC agreed a framework for the development of two jointly owned CSG tenements and entered into conditional gas sales agreements that will support the development of both Australia Pacific LNG and QGC’s proposed LNG projects. The agreements cover up to 640 PJ over a period of 20 years, including approximately 190 PJ over the first two years. This will assist Australia Pacific LNG manage the ramp up gas for its CSG to LNG project and provides an export channel to market for this gas.

**SIGNIFICANT PROGRESS ON AUSTRALIA PACIFIC LNG PROJECT**

Australia Pacific LNG made substantial progress during the year and continues to move towards a final investment decision.

During the year, Australia Pacific LNG completed a comprehensive Environmental Impact Statement incorporating the cumulative impact of the three major currently proposed CSG to LNG projects in Queensland. Responses to public submissions are currently being prepared and reviewed with Government agencies.

Four significant front end engineering and design (FEED) and early works contracts have been awarded. This included a $220 million drilling and work-over rig contract to Savanna Energy Services, major contracts for the 450km main pipeline and upstream facilities with McConnell Dowell Constructors and Baulderstone Bilfinger Berger Services Joint Venture and work is continuing on FEED for the liquefaction facility at Curtis Island with Bechtel.

Good progress has been made on all major project areas and as a consequence, Australia Pacific LNG expects to have all technical and regulatory approvals by the end of the calendar year.

Australia Pacific LNG is engaged with a number of customers with the potential to secure sufficient off-take agreements to enable a final investment decision to be made.
Generation

Generation continues to deliver a significant increase in operating generation capacity and earnings contribution.

BUILDING ADDITIONAL GENERATING CAPACITY
Origin continued to pursue expansion of its generation portfolio during the year and made significant progress with two major projects. Commissioning of the 630 MW Darling Downs Power Station was carried out and following successful performance testing and reliability runs, commenced commercial operations on 1 July 2010. It is one of Australia’s cleanest baseload power stations, emitting less than half of the greenhouse gas than a typical coal-fired power station of the same size.

The second major project is the 550 MW Mortlake Power Station which is targeted to be fully operational by the end of March 2011. The completion of these projects will increase Origin’s generation capacity to 2,800 MW.

The Mortlake site also has approval to expand its current capacity, providing Origin with portfolio flexibility to meet future energy demand in Victoria. Furthermore, the power station has been designed to enable its future conversion to be a highly efficient combined cycle plant.

CONTINUED DEVELOPMENT OF RENEWABLE ENERGY OPTIONS
Development of renewable energy opportunities, including wind, geothermal and solar photovoltaic energy, continues to be a key component of Origin’s generation strategy.

On 1 July 2009, Origin’s first wind farm at Cullerin Range became fully operational and the Company acquired the rights to the potential Yass Valley Wind Farm project in New South Wales. In addition, considerable work was carried out progressing other wind development sites including Stockyard Hill in western Victoria. As a result, Origin now has a potential wind development portfolio of more than 3,400 MW.

Origin continues to invest in the research and development of geothermal energy in the Innamincka region of central Australia. The Company entered into an agreement with Geodynamics to evaluate the potential of the shallower sections of the Cooper and Eromanga basins to complement existing arrangements to explore the potential of the deeper hot fractured rock zones. In addition, Origin entered into a new joint venture with Eden Energy to explore a large geothermal tenement adjacent to the Geodynamics tenements.

Origin also took an important step forward with the development of solar photovoltaic technology, establishing a joint venture with Micron Technology Inc of the United States. The joint venture, called Transform Solar, will examine opportunities for commercialisation of solar photovoltaic technology by combining the work Origin has already undertaken in solar development with Micron’s capabilities in semiconductors.

Key indicators

<table>
<thead>
<tr>
<th>Generation Capacity (MW)</th>
<th>Operating</th>
<th>Contracted</th>
<th>Under Construction</th>
<th>Gas Options</th>
<th>Wind Options</th>
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<td>351 MW</td>
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<td>2,670 MW</td>
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<td>3,456 MW</td>
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Key indicators

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<tr>
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<th>09</th>
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<td>EBITDA $(m)</td>
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<td>Capital Expenditure* $(m)</td>
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* Does not include acquisitions.
Retail

Origin continues to be one of the nation’s preferred energy retailers, and is pursuing new opportunities to deliver future growth to the business.

**STRONG EARNINGS GROWTH**

As a leading Australian energy retailer, Origin supplies natural gas, electricity and LPG to approximately 3 million customers, and continues to be the country’s number one choice for green energy with over half a million green energy customers.

Despite continued challenging operating conditions in Australia’s highly competitive retail energy market, Retail revenues increased 9 per cent on the prior year to approximately $6.4 billion. This helped deliver a 19 per cent increase in Retail Underlying earnings (EBITDA) to $568 million, achieved through increased gross profit in electricity and gas while maintaining cost to serve. There was also substantial growth in sales of the Company’s retail solar systems, which has increased its contribution to earnings.

An increase in competitor activity, as reflected in customer turnover, was reported for all of Origin’s key markets. Churn was highest of all in the fully deregulated Victorian market, demonstrating the benefit of competition amongst the many retailers who have been attracted to this dynamic environment.

Origin attracted 482,000 new gas and electricity accounts during the year, an increase of almost 6 per cent or 28,000 on customers won in the prior year. While Origin has successfully increased customer margins, greater competition across all of Origin’s key markets led to a 21,000 net decrease in gas and electricity customer numbers to 2.59 million.

LPG customer accounts increased by approximately 2,000 and Underlying EBITDA was up 11 per cent or $5 million on the prior year to $50 million.

**NEW ENERGY SOLUTIONS TO DRIVE FUTURE GROWTH**

As part of the Retail growth strategy, Origin continued to invest in developing and emerging businesses during the year.

Origin’s product portfolio includes solar hot water, solar photovoltaic rooftop systems, heat pumps and tri-generation systems for commercial and industrial settings. During the year, this strategy contributed solid results to the Retail business, with Origin’s solar business doubling its annual revenue to in excess of $100 million and the serviced hot water business adding 3,300 new customers.

During the year, Origin also acquired and fully integrated the Cogent tri-generation business, which brings innovative distributed tri-generation energy solutions to the Company’s product portfolio.

**BOOSTING CAPABILITIES**

Origin is responding to increased competition by enhancing its ability to interact with and better understand its customers. This is being achieved through simplified operating processes and a single integrated billing and customer management system, enabling improved data quality and customer insights, and better use of technology to engage with customers.

The Retail Transformation and Transition Project has made significant progress, with the final configuration and build of a new technology platform to be completed by the end of the 2010 calendar year. The transition of the majority of Origin’s Retail IT applications support and development, together with back office business processes to transformation partner Wipro, was completed in December 2009. This included the outsourcing of 396 roles and transfer of 240 Origin people to Wipro.

The project remains on track to be fully implemented during the 2011 calendar year.

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**Key indicators**

- **Revenue ($m)**: 6,393
- **EBITDA ($m)**: 568
- **Capital Expenditure* ($m)**: 114

* Does not include acquisitions.

![Graph](image-url)
Contact Energy

Investment in gas-fired peaking capacity and gas storage, along with developments in geothermal, wind and hydro are expected to drive future growth in Contact Energy’s business.

**ACTING TO STRENGTHEN PERFORMANCE**

Origin has a 51.8 per cent interest in Contact Energy, one of New Zealand’s largest integrated energy companies. The 2010 financial year was not without challenges for Contact, with another wet year impacting on performance.

Contact contributed $346 million to Underlying EBITDA, a 6 per cent decrease on the $369 million reported in the prior year. Higher than normal rainfall during the year resulted in lower wholesale electricity prices which made it harder for Contact to recover higher gas costs and network charges.

In the electricity segment, margins from retail electricity and hedged generation were lower. These were partially offset by a higher contribution from exposed generation. The Retail electricity market continued to experience intense competition, resulting in higher customer acquisition costs and limited the opportunity to pass on increased energy and network costs to customers.

Despite these challenging conditions, Contact largely maintained its customer numbers at around 600,000 at the end the year and increased its market share of the large commercial load by 7 per cent.

**DEVELOPMENT PROJECTS TO DRIVE FUTURE GROWTH**

Contact has made significant progress with a number of major projects, including projects which will restore portfolio flexibility, and these are expected to be completed late in the 2010 calendar year.

The 23 MW Tauhara 1 geothermal plant, now known as the Te Huka Power Station, reached commercial operation on 23 May, under budget and ahead of schedule.

The construction of Contact’s 200 MW Stratford gas-fired peaking project also made good progress. The project is currently being commissioned and is expected to be fully operational late in the 2010 calendar year. When completed, the new power station will provide a source of flexible generation at times when weather-dependent renewables are unable to meet demand, or when other power stations are undergoing maintenance.

The Ahuroa gas storage project, while still in development is expected to be completed by the end of the 2010 calendar year.

Over the next few years, Contact will continue to invest in geothermal developments including Te Mihi, Tauhara 2, and the Taheke project. The Company is also advancing resource consent applications for its proposed Hauauru maraki and Waitahora wind farm projects.

**BUSINESS PROCESS IMPROVEMENT UNDERWAY**

Like Origin, Contact is undergoing a transformation of its legacy finance, asset management and retail systems, to deliver greater customer insights and improve business efficiency. The project is progressing well and is on track for the first phase to be completed in late calendar 2010, with transformation of asset management and retail systems to follow in the 2011 and 2012 calendar years.

Contact is partnering with Wipro for business process design and systems integration, and business process outsourcing services for some of its back office retail processing functions. Origin is also providing information technology infrastructure hosting services. Contact’s partnerships with both Wipro and Origin leverages scale and will ensure greater consistency across the companies’ processes and information systems, delivering efficiencies and cost benefits.

**Key indicators**

![Ahuroa gas storage facility in Taranaki, New Zealand](image)

<table>
<thead>
<tr>
<th></th>
<th>Revenue ($m)</th>
<th>EBITDA ($m)</th>
<th>Capital Expenditure* ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09 10</td>
<td>1,717</td>
<td>346</td>
<td>385</td>
</tr>
<tr>
<td>09 10</td>
<td>1,797</td>
<td>369</td>
<td>386</td>
</tr>
</tbody>
</table>

* Does not include acquisitions.
Board of Directors

H. KEVIN MCCANN AM
Independent
Non-executive Chairman

Kevin joined the Board as Chairman in February 2000. He Chairs the Nomination and Risk committees and is a member of the Audit, Remuneration, and Health, Safety and Environment committees. Kevin is Lead Independent Director of Macquarie Group Ltd, a director of Macquarie Bank Ltd, BlueScope Steel Ltd and of the Australian Institute of Company Directors (AICD). Kevin is also Chairman of the Sydney Harbour Federation Trust, a Council Member of the National Library of Australia, Chairman of the AICD’s Corporate Governance Committee and a Fellow of the Senate of the University of Sydney.

GRANT A. KING
Managing Director

Grant was appointed Managing Director at the time of the demerger from Boral Ltd [February 2000], and was Managing Director of Boral Energy from 1994. Grant is a member of the Company’s Risk and Safety, Health and Environment committees. Prior to joining Boral, he was General Manager, AGL Gas Companies. Grant is Chairman of Contact Energy Ltd, a councillor of the Australian Petroleum Production and Exploration Association, a former director of Envestra Ltd and former Chairman of the Energy Supply Association of Australia Ltd.

JOHN H. AKEHURST
Independent
Non-executive Director

John joined the Board in April 2009 and is a member of the Nomination, Risk, and Health, Safety and Environment committees. His executive career was in the upstream oil and gas and LNG industries, initially with Royal Dutch Shell and then as Chief Executive of Woodside Petroleum Ltd. John is a member of the Board of the Reserve Bank of Australia and a director of CSL Ltd, Securergy Ltd, the University of Western Australia Business School and the Curtin University Sustainable Development Institute. He is Chairman of the National Centre for Asbestos Related Diseases and of the Fortitude Foundation.

BRUCE G. BEEREN
Non-executive Director

Bruce joined the Board as an Executive Director in March 2000. He retired from this position in 2005 and continues as a Non-executive Director. He is a member of the Audit, Remuneration, Risk, and Nomination committees. With more than 30 years experience in the energy industry, Bruce was Chief Executive Officer of VENCorp and held several senior management positions at AGL, including Chief Financial Officer. He is a director of Contact Energy Ltd, Coal & Allied Industries Ltd, Equip Super Pty Ltd and ConnectEast Group.

TREVOR BOURNE
Independent
Non-executive Director

Trevor joined the Board in February 2000. He Chairs the Remuneration Committee and is a member of the Risk, Nomination, and Health, Safety & Environment committees. Trevor retired in December 2003 as Chief Executive Officer of Tenix Investments Pty Ltd, prior to which he was Managing Director of Brambles Australia Ltd. He is Chairman of Hastie Group Ltd and a director of CalTEX Australia Ltd.

GORDON M. CAIRNS
Independent
Non-executive Director

Gordon joined the Board in June 2007. He is a member of the Remuneration, Risk, Nomination, and Health, Safety and Environment committees and is Chairman of the Origin Foundation. He has extensive experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Ltd, and has held senior positions in marketing and finance with Pepsico, Cadbury Schweppes and Nestle. Gordon is a director of Westpac Banking Corporation, Rebel Group Pty Ltd, The Centre for Independent Studies and World Education Australia and is a senior advisor to McKinsey & Company and Caliburn Partnership.

KAREN A. MOSES
Executive Director
Finance and Strategy

Karen joined the Board in March 2009 and is a member of the Risk Committee. She is responsible for the Finance, tax and accounting functions, interactions with capital markets and information technology. In addition to corporate strategy and transactional activity, she has oversight of overall risk including operational health, safety and environment, commodity risk, compliance and insurance. Karen also oversees the Australia Pacific LNG Project for Origin, is a director of Energy and Water Ombudsman (Victoria) Ltd, Australian Energy Market Operator Ltd and Contact Energy Ltd.

HELEN M. NUGENT AO
 Independent
Non-executive Director

Helen joined the Board in March 2003 and Chairs the Audit Committee and is a member of the Remuneration, Risk, and Nomination committees. An experienced professional non-executive director, she is currently Chairman of Funds SA. She is also a director of Macquarie Group Ltd, Macquarie Bank Ltd and Freehills. She is Chancellor of Bond University and President of Cranbrook School.

J. ROLAND WILLIAMS CBE
Independent
Non-executive Director

Roland joined the Board in February 2000. He is Chairman of the Health, Safety and Environment Committee and a member of the Audit, Risk and Nomination committees. He retired in June 1999 as Chairman and Chief Executive of Shell Australia Ltd, prior to which he was Managing Director, Shell International Gas, and President, Shell Coal International. Roland was previously a director of Boral Ltd.

Executive Management Team

DAVID BALDWIN
Chief Executive Officer
Contact Energy

FRANK CALABRIA
Executive General Manager
Energy Markets

ANDREW CLARKE
Group General Counsel and Company Secretary

ANDREW STOCK
Executive General Manager
Major Development Projects

ROB WILLINK
Executive General Manager
Geoscience and Exploration New Ventures

MELANIE LAING
Executive General Manager
People and Culture

PAUL ZEALAND
Executive General Manager
Upstream Oil and Gas

More detailed biographical information is available in the 2010 Annual Report or at http://reports.originenergy.com.au
## Five Year Financial History

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit and Loss ($m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total external revenue</td>
<td>8,534</td>
<td>8,042</td>
<td>8,275</td>
<td>6,436</td>
<td>5,880</td>
</tr>
<tr>
<td>Underlying:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,346</td>
<td>1,219</td>
<td>1,324</td>
<td>1,195</td>
<td>1,093</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(408)</td>
<td>(369)</td>
<td>(345)</td>
<td>(330)</td>
<td>(297)</td>
</tr>
<tr>
<td>Share of interest, tax, depreciation and amortisation of equity accounted investees</td>
<td>(42)</td>
<td>(31)</td>
<td>(13)</td>
<td>–</td>
<td>–</td>
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<tr>
<td>EBIT</td>
<td>896</td>
<td>819</td>
<td>966</td>
<td>865</td>
<td>796</td>
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<tr>
<td>Net financing costs</td>
<td>(13)</td>
<td>(32)</td>
<td>(220)</td>
<td>(215)</td>
<td>(175)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(232)</td>
<td>(181)</td>
<td>(197)</td>
<td>(180)</td>
<td>(175)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(66)</td>
<td>(74)</td>
<td>(106)</td>
<td>(100)</td>
<td>(108)</td>
</tr>
<tr>
<td>Net profit after tax less non-controlling interests</td>
<td>585</td>
<td>530</td>
<td>443</td>
<td>370</td>
<td>338</td>
</tr>
<tr>
<td>Impact of items excluded from underlying profit</td>
<td>27</td>
<td>6,411</td>
<td>74</td>
<td>87</td>
<td>(6)</td>
</tr>
<tr>
<td>Statutory:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Profit attributable to members of the parent entity</td>
<td>612</td>
<td>6,941</td>
<td>517</td>
<td>457</td>
<td>332</td>
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<tr>
<td><strong>Balance sheet ($m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>21,834</td>
<td>22,102</td>
<td>12,568</td>
<td>14,765</td>
<td>8,665</td>
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<tr>
<td>Net (cash)/interest-bearing debt</td>
<td>2,663</td>
<td>(269)</td>
<td>3,283</td>
<td>2,958</td>
<td>2,411</td>
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<tr>
<td>Shareholders’ equity – members/parent entity interest</td>
<td>10,249</td>
<td>10,003</td>
<td>4,072</td>
<td>5,881</td>
<td>2,691</td>
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<tr>
<td>Adjusted net (cash)/interest-bearing debt</td>
<td>2,835</td>
<td>(107)</td>
<td>3,608</td>
<td>3,389</td>
<td>2,637</td>
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<tr>
<td>Shareholders’ equity – total</td>
<td>11,438</td>
<td>11,144</td>
<td>5,176</td>
<td>6,969</td>
<td>3,646</td>
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<tr>
<td><strong>Cash flow and capital expenditure ($m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Cash flow After Tax (OCAT)</td>
<td>965</td>
<td>797</td>
<td>875</td>
<td>818</td>
<td>768</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>800</td>
<td>661</td>
<td>622</td>
<td>595</td>
<td>583</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>2,837</td>
<td>2,426</td>
<td>1,685</td>
<td>2,027</td>
<td>897</td>
</tr>
<tr>
<td>Stay-in-business</td>
<td>179</td>
<td>209</td>
<td>178</td>
<td>179</td>
<td>209</td>
</tr>
<tr>
<td>Growth</td>
<td>1,474</td>
<td>2,052</td>
<td>1,398</td>
<td>580</td>
<td>507</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>1,184</td>
<td>165</td>
<td>109</td>
<td>1,268</td>
<td>181</td>
</tr>
<tr>
<td>Productive Capital</td>
<td>8,423</td>
<td>7,756</td>
<td>6,516</td>
<td>5,474</td>
<td>4,758</td>
</tr>
<tr>
<td>Group OCAT Ratio (%)</td>
<td>10.9</td>
<td>10.4</td>
<td>12.3</td>
<td>13.7</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Key ratios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory basic earnings per share (cents)</td>
<td>69.7</td>
<td>791.0</td>
<td>59.0</td>
<td>54.7</td>
<td>41.9</td>
</tr>
<tr>
<td>Underlying basic earnings per share (cents)</td>
<td>66.6</td>
<td>60.4</td>
<td>50.6</td>
<td>44.3</td>
<td>42.7</td>
</tr>
<tr>
<td>Free cash flow per share (cents)</td>
<td>90.8</td>
<td>75.6</td>
<td>70.6</td>
<td>71.2</td>
<td>73.6</td>
</tr>
<tr>
<td>Total dividend per share (cents)</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Net debt to net debt plus equity (adjusted) (%)</td>
<td>20</td>
<td>n/a</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td><strong>EBITDA by segment ($m)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exploration and Production</td>
<td>250</td>
<td>264</td>
<td>266</td>
<td>254</td>
<td>215</td>
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<tr>
<td>Retail</td>
<td>568</td>
<td>479</td>
<td>499</td>
<td>355</td>
<td>301</td>
</tr>
<tr>
<td>Generation</td>
<td>182</td>
<td>107</td>
<td>65</td>
<td>79</td>
<td>60</td>
</tr>
<tr>
<td>Contact Energy</td>
<td>346</td>
<td>369</td>
<td>494</td>
<td>477</td>
<td>488</td>
</tr>
<tr>
<td>Networks (discontinued)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>30</td>
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<td><strong>General information</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees (excluding Contact Energy)</td>
<td>4,392</td>
<td>4,198</td>
<td>3,940</td>
<td>3,751</td>
<td>3,514</td>
</tr>
<tr>
<td>2P reserves (PJe)</td>
<td>6,207</td>
<td>4,484</td>
<td>5,770</td>
<td>3,471</td>
<td>2,436</td>
</tr>
<tr>
<td>Product sales volumes (PJe)</td>
<td>117</td>
<td>112</td>
<td>101</td>
<td>93</td>
<td>84</td>
</tr>
<tr>
<td>Natural gas (PJe)</td>
<td>97</td>
<td>93</td>
<td>84</td>
<td>74</td>
<td>66</td>
</tr>
<tr>
<td>Crude oil (kbbls)</td>
<td>1,209</td>
<td>1,358</td>
<td>1,252</td>
<td>1,540</td>
<td>1,780</td>
</tr>
<tr>
<td>Condensate/naphtha (kbbls)</td>
<td>1,245</td>
<td>821</td>
<td>762</td>
<td>784</td>
<td>495</td>
</tr>
<tr>
<td>LPG (kt)</td>
<td>92</td>
<td>97</td>
<td>67</td>
<td>65</td>
<td>55</td>
</tr>
<tr>
<td>Ethane (kt)</td>
<td>36</td>
<td>34</td>
<td>25</td>
<td>40</td>
<td>41</td>
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<tr>
<td>Production volumes (PJe)</td>
<td>104</td>
<td>104</td>
<td>100</td>
<td>87</td>
<td>78</td>
</tr>
<tr>
<td>Generation (MW)</td>
<td>1,620</td>
<td>1,494</td>
<td>704</td>
<td>704</td>
<td>704</td>
</tr>
<tr>
<td>Generation dispatched (TWh)</td>
<td>2.36</td>
<td>1.67</td>
<td>1.55</td>
<td>1.62</td>
<td>1.63</td>
</tr>
<tr>
<td>Number of customers (’000)</td>
<td>2,938</td>
<td>2,957</td>
<td>2,945</td>
<td>3,011</td>
<td>2,135</td>
</tr>
<tr>
<td>Electricity</td>
<td>1,721</td>
<td>1,743</td>
<td>1,729</td>
<td>1,786</td>
<td>955</td>
</tr>
<tr>
<td>Natural gas</td>
<td>868</td>
<td>867</td>
<td>880</td>
<td>889</td>
<td>880</td>
</tr>
<tr>
<td>LPG</td>
<td>349</td>
<td>347</td>
<td>336</td>
<td>336</td>
<td>300</td>
</tr>
<tr>
<td>Retail sales volumes (PJe)</td>
<td>266</td>
<td>269</td>
<td>264</td>
<td>231</td>
<td>209</td>
</tr>
<tr>
<td>Electricity (TWh)</td>
<td>30</td>
<td>31</td>
<td>32</td>
<td>23</td>
<td>16</td>
</tr>
<tr>
<td>Natural gas (PJe)</td>
<td>135</td>
<td>134</td>
<td>127</td>
<td>125</td>
<td>120</td>
</tr>
<tr>
<td>LPG (Kt)</td>
<td>491</td>
<td>479</td>
<td>462</td>
<td>486</td>
<td>522</td>
</tr>
<tr>
<td><strong>Weighted average number of shares</strong></td>
<td>877,972,404</td>
<td>877,466,617</td>
<td>875,376,019</td>
<td>835,770,613</td>
<td>791,873,326</td>
</tr>
</tbody>
</table>

(1) Origin now discloses its equity accounted results in two lines ‘share of EBITDA of equity accounted investees’ included in EBITDA and ‘share of interest, tax, depreciation and amortisation of equity accounted investees’ included between EBITDA and EBIT.

(2) Adjusted to exclude impact of derivative financial instruments. Only includes interest-bearing debt.

(3) OCAT is calculated from EBITDA as the primary source of cash contribution, but adjusted for stay-in-business capital expenditure, changes in working capital, non cash items and tax paid.

(4) Free cash flow is defined here as cash available to fund distributions to shareholders and growth capital. It includes deductions for stay-in-business capital expenditure, interest and tax.

(5) Productive capital is funds employed excluding capital work in progress and including 50% of Australia Pacific LNG.

(6) Group OCAT Ratio = (OCAT – interest tax shield)/productive capital.
Origin’s Commitments, Principles and Values

COMMITMENTS
Our commitments to our key stakeholders are to:
- Deliver market leading performance for shareholders by identifying, developing and operating value creating businesses across the energy supply chain.
- Deliver value to customers by developing and procuring competitive sources of energy and related products and services that better meet customers’ energy needs.
- Create a rewarding workplace for employees by encouraging personal development, recognising good performance, inducing teamwork and fostering equality of opportunity.
- Create a responsible citizen to the communities in which we operate by working safely and being mindful of, and attentive to, the environmental and social impact of the resources, products and services we use or provide to others.

PRINCIPLES
- We conduct ourselves and our business with due care and in accordance with relevant laws and regulations. We have an overriding duty to ensure the health and safety of our employees, and to minimise the health, safety and environmental impacts on our customers and the communities in which we operate.
- We will add value to the resources that come under our control.
- The value we create will be distributed to stakeholders recognising the need to ensure the sustainability of our business, and its impact on the environment and the communities in which we operate.
- When faced with choices, we make decisions knowing they will be subject to scrutiny. We should be able to demonstrate the soundness of our decisions to all stakeholders.
- We encourage diversity and expression of ideas and opinions but require alignment with the Company’s Commitments, Principles and Values and the policies established to implement them.

VALUES
Origin’s values describe behaviours that the Company expects employees to demonstrate in their actions and the decisions they make in pursuing the outcomes we are committed to achieving. Our values are:

Caring
We care about our impact on customers, colleagues, the community, environment and shareholders.

Listening
We listen to the needs of others, knowing that an unfulfilled need creates the best opportunities.

Learning
We constantly learn and implement new and better ways, sharing information and ideas effectively.

Delivering
We deliver on the commitments made in all areas of performance.
This Shareholder Review provides a company overview of the past 12 months. Further information about Origin’s performance, including detail contained in the Annual Report, can be found on the website: http://reports.originenergy.com.au