



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	15 September 2016
From	Helen Hardy	Pages	11
Subject	Origin Energy 2016 Notice of Annual General Meeting		

Please find attached a release on the above subject.

Regards

Helen Hardy
Company Secretary
02 8345 5000

NOTICE OF ANNUAL GENERAL MEETING 2016



ORIGIN ENERGY LIMITED

ABN 30 000 051 696

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Notice is given that the 2016 Annual General Meeting of shareholders of Origin Energy Limited (Company) will be held at the Four Seasons Hotel, 199 George Street, Sydney on Wednesday, 19 October 2016 at 10:30am AEDT.

A webcast of the meeting can be heard on the Company's website at www.originenergy.com.au.

BUSINESS

1 Financial Report

To receive and consider the financial statements of the Company and the reports of the Directors and auditors for the year ended 30 June 2016.

2 Re-election of Mr Gordon Cairns

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Gordon Cairns, being a Director who retires by rotation under rule 9.2(a) of the Company's constitution and being eligible, is re-elected as a Director of the Company."

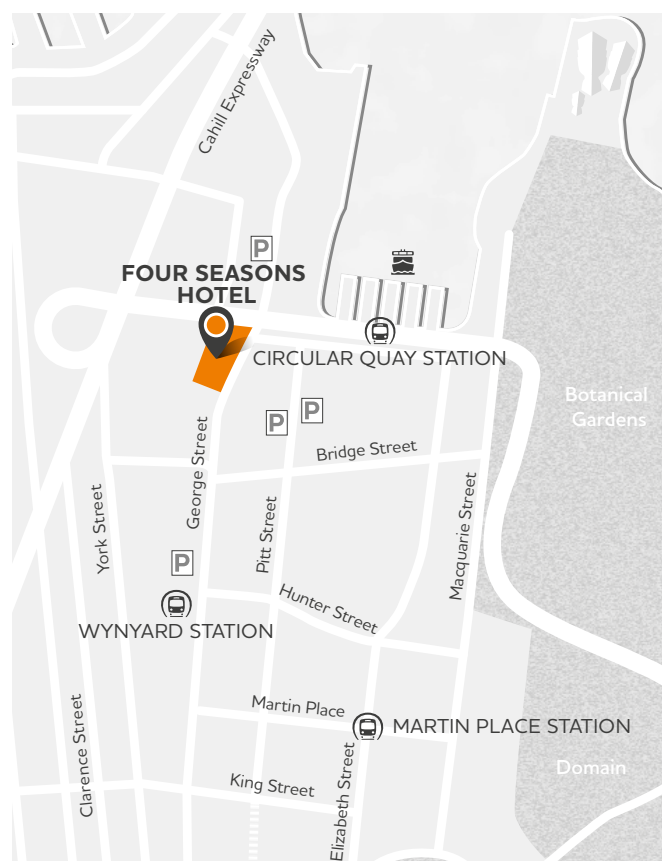
Details of the qualifications and experience of Mr Cairns and the recommendation of the Board in relation to his re-election are set out in the attached Explanatory Notes.

3 Re-election of Mr Bruce Morgan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Bruce Morgan, being a Director who retires by rotation under rule 9.2(a) of the Company's constitution and being eligible, is re-elected as a Director of the Company."

Details of the qualifications and experience of Mr Morgan and the recommendation of the Board in relation to his re-election are set out in the attached Explanatory Notes.



4 Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2016 be adopted."

This is a non-binding advisory vote.

Voting exclusion statement

The *Corporations Act* prohibits any votes being cast on Resolution 4 by or on behalf of a person who is disclosed in the Remuneration Report as a member of the key management personnel (KMP) of the Company (including the Directors and the Chairman) or a closely related party of that KMP. However, such a person may cast a vote on Resolution 4 as a proxy for a person who is permitted to vote if:

- the appointment of the proxy specifies the way in which the proxy is to vote on the resolution; or
- such a person is the Chairman of the meeting and the appointment of the proxy expressly authorises the Chairman of the meeting to exercise the undirected proxies even if the resolution is connected with the remuneration of a member of the KMP.

5 Equity grants to Managing Director Mr Grant King

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the grant of Performance Share Rights and Options under the Company's Equity Incentive Plan to Managing Director, Mr Grant King, in the manner set out in the Explanatory Notes to this Notice of Meeting be approved, and that this approval be for all purposes."

Voting exclusion statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 5 by or on behalf of Mr Grant King or any of his associates who are eligible to participate in the Equity Incentive Plan. The Company need not disregard a vote if it is cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, pursuant to the *Corporations Act*, the Company's KMP and their closely related parties are not permitted to cast a vote as a proxy for another person who is permitted to vote, unless the appointment of the proxy either:

- specifies the way the proxy is to vote on the resolution; or
- expressly authorises the Chairman of the meeting to exercise the undirected proxies even if the resolution is connected with the remuneration of a member of the KMP.

SPECIAL BUSINESS

6 Renewal of proportional takeover provisions

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the Company renew the proportional takeover provisions contained in rule 15 of the constitution, with effect from the date of the meeting for a period of three years."

By order of the Board



Andrew Clarke
Company Secretary
Sydney, 15 September 2016

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

Pursuant to Regulation 7.11.37 of the *Corporations Regulations*, the Company has determined that, for the purpose of the meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm AEDT on 17 October 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES, ATTORNEYS AND CORPORATE REPRESENTATIVES

A shareholder who is entitled to attend and vote may appoint not more than two proxies and may specify the proportion or number of the shareholder's votes each proxy is entitled to exercise. If two proxies are appointed but no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

The Chairman intends to put each resolution forward for decision by poll. On a poll, shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. Under the *Corporations Act*, if a shareholder appoints two proxies, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

A proxy has the same rights as a shareholder to speak at the meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll. Shareholders who have appointed a proxy may still attend the meeting. The proxy is not revoked by the shareholder attending and taking part in the meeting, unless the shareholder actually votes at the meeting on a resolution for which the proxy is proposed to be used.

Where more than one joint holder votes, the vote of the holder whose name appears first in the register of shareholders shall be accepted to the exclusion of the others, whether the vote is given in person or by proxy or by representative or by attorney.

A proxy need not be a shareholder of the Company and may be an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act*; and
- provides satisfactory evidence of the appointment of its corporate representative to the Company at least 48 hours prior to commencement of the meeting.

If such evidence is not received at least 48 hours prior to the commencement of the meeting, then the body corporate proxy (through its representative) will not be permitted to act as the shareholder's proxy.

Proxy forms (and if the appointment is signed by the appointer's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the Company's share registry, Boardroom Pty Limited, by 10:30am AEDT on 17 October 2016. A proxy may be lodged with Boardroom Pty Limited:

- online, at www.votingonline.com.au/originagm2016 or as a registered user via InvestorServe or the Boardroom App;
- by mail, at Boardroom Pty Limited, GPO Box 3993, Sydney 2001;
- by hand, at Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000; or
- by facsimile, on +61 2 9290 9655.

UNDIRECTED PROXIES

The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 2, 3 and 6.

The Chairman of the meeting also intends to vote undirected proxies in favour of Resolutions 4 and 5. However, the Chairman will only be able to vote those proxies if the proxy expressly authorises the Chairman of the meeting to do so.

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution.

QUESTIONS AT THE MEETING

We continue to explore better ways to facilitate shareholder engagement and interaction at the AGM. This year, all formal business will be put to the meeting immediately following the Chairman and Managing Director's addresses, at which time the poll will be opened. Shareholders will then be invited to join Directors and senior management for light refreshments before considering the formal business. Following that break, there will be question time on all resolutions. The poll will remain open for the duration of the break and question time and will close at the end of the meeting.

The meeting is intended to give shareholders the opportunity to hear the Chairman and the Managing Director discuss the financial year ended 30 June 2016 and to give some insight into the Company's prospects for the year ahead and for shareholders to ask questions relevant to the Company.

The Company welcomes shareholders' questions at the meeting. However, in the interests of those present, questions or comments should be confined to resolutions before the meeting and should be relevant to shareholders as a whole.

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Meeting and are intended to provide shareholders of the Company with information to assess the merits of the proposed resolutions.

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

1 RECEIVE AND CONSIDER REPORTS FOR YEAR ENDED 30 JUNE 2016

The Company's Annual Report has been made available to shareholders and is published on the Company's website (www.originenergy.com.au). Shareholders are not required to vote on the financial statements and the reports of the Directors and auditors. As described on page 3 of the Notice of Meeting, at the meeting there will be an opportunity for shareholders to comment on and ask questions about the management of the Company in the past year and the prospects for the year ahead.

2 RE-ELECTION OF MR GORDON CAIRNS, INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mr Cairns joined the Board on 1 June 2007 and became Chairman in October 2013. He is Chairman of the Nomination Committee and a member of the Risk, Remuneration, Audit and Health, Safety and Environment committees.

He has extensive Australian and international experience as a senior executive, as Chief Executive Officer of Lion Nathan Ltd, and has held senior management positions in marketing, operations and finance with PepsiCo, Cadbury Ltd and Nestlé.

Mr Cairns is Chairman of Woolworths Ltd (since September 2015), Director of Macquarie Group Limited and Macquarie Bank Limited (since November 2014), Director of Quick Service Restaurant Group (since October 2011) and Non-executive Director of World Education Australia (since November 2007). He was previously Chairman of the Origin Foundation (2010 – 2015), David Jones Ltd (March 2014 – August 2014), Rebel Group (2010–2012), Director of The Centre for Independent Studies (May 2006 – August 2011) and Director of Westpac Banking Corporation (July 2004 – December 2013). He was a senior advisor to McKinsey & Company.

Mr Cairns holds a Master of Arts (Honours) from the University of Edinburgh.

The Board (with Mr Cairns absent) reviewed the performance of Mr Cairns. The review included consideration of his expertise, skill and experience as well as his performance and contribution to the work of the Board over his term of office. The Board found that Mr Cairns has been a high performing Director and continues to make valuable contributions to the Board. Mr Cairns is considered an independent Director by the Board.

The Board (with Mr Cairns absent) concluded that Mr Cairns should be proposed for re-election and accordingly recommends that shareholders vote in favour of his re-election.

3 RE-ELECTION OF MR BRUCE MORGAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Morgan joined the Board in November 2012 and is Chairman of the Audit Committee and a member of the Health, Safety and Environment, Nomination and Risk committees.

Mr Morgan served as Chairman of the Board of PricewaterhouseCoopers (PwC) Australia between 2005 and 2012. In 2009, he was elected as a member of the PwC International Board, serving a four year term. He was previously Managing Partner of PwC's Sydney and Brisbane offices. An audit partner of the firm for over 25 years, he was focused on the financial services and energy and mining sectors leading some of the firm's most significant clients in Australia and internationally.

He is Chairman of Sydney Water Corporation (since October 2013), a Director of Caltex Australia Ltd (since June 2013), Chairman of Redkite (since April 2015), a Director of the University of NSW Foundation and the European Australian Business Council. Mr Morgan has a Bachelor of Commerce (Accounting and Finance) from the University of NSW.

He is a Fellow of Chartered Accountants Australia and New Zealand and of the AICD.

The Board (with Mr Morgan absent) reviewed the performance of Mr Morgan. The review included consideration of his expertise, skill and experience as well as his performance and contribution to the work of the Board over his term of office. The Board found that Mr Morgan has been a high performing Director and continues to make valuable contributions to the Board. Mr Morgan is considered an independent Director by the Board.

The Board (with Mr Morgan absent) concluded that Mr Morgan should be proposed for re-election and accordingly recommends that shareholders vote in favour of his re-election.

4 ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the *Corporations Act*, the Board is presenting the Company's Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report was first published on 18 August 2016 and has also been available on the Company's website (www.originenergy.com.au) since then.

The Remuneration Report:

- explains the Board's policies in relation to the objectives and structure of Origin's remuneration system;
- discusses the relationship between the remuneration outcomes and the returns to shareholders;
- provides details of performance conditions, why they were chosen and how performance is measured against them;
- describes the governance framework of Origin's remuneration arrangements; and
- sets out the remuneration arrangements for each Director and each of the KMP of the Company.

Shareholders will have an opportunity to ask questions and comment on the Remuneration Report at the meeting.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

Shareholders should also note that, if 25 per cent or more of the votes cast are against the Remuneration Report, the first element in the Board spill provisions contained in the *Corporations Act* (i.e. the 'two strikes rule') will be triggered. While this would not impact on the current year's Annual General Meeting, it would affect next year's Annual General Meeting.

The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

The *Corporations Act* prohibits certain persons from voting on this item of business. The voting exclusion statement relating to this item of business is set out on page 2 of the Notice of Meeting.

A summary of the Remuneration Report is included as Attachment 1 to this notice.

5 EQUITY GRANTS TO MANAGING DIRECTOR MR GRANT A KING

5.1 Why approval is needed

Under Listing Rule 10.14, shareholder approval is required for the issue of securities to any Director under an employee incentive scheme. The Company's Non-executive Directors receive fixed fees and are not eligible to participate in any incentive scheme. As Managing Director, Mr King is the only Director entitled to participate under the scheme.

The Company's equity incentive arrangements represent key elements of its remuneration strategy for executives, including the Managing Director. The Long-Term Incentive (LTI) arrangements are important in aligning the interests of senior executives with those of shareholders. The LTI provide recipients with a deferred, potential equity interest in the Company, the value of which depends on the Company's share price and return performance over the deferral period.

5.2 Overview of LTI arrangements

Grants under the LTI arrangements are in the form of Options and Performance Share Rights (PSRs), each of which entitles the recipient to receive a fully paid ordinary share in the Company on vesting and exercise. Vesting and exercise can only occur if specific performance conditions have been met and (in the case of Options) if the exercise price is paid.

For the most senior executives (including Mr King), the LTI award is split half as PSRs and half as Options. For the remaining eligible executives, the LTI award is wholly in PSRs.

Vesting of PSRs and Options are subject to performance conditions.

PSRs – Performance condition and vesting scale

For PSRs, the hurdle is a Return on Capital Employed (ROCE) measure, more specifically a statutory Origin EBIT divided by a Funds Employed measure⁽¹⁾.

The ROCE performance condition is measured over each of four financial years (FY2017-FY2020 for the 2016 grants), beginning on the 1 July prior to grant and ending on 30 June of the fourth year. ROCE performance for the period is determined by the simple arithmetic average of the four annual returns. Targets are set with respect to both ROCE for the period and also the achievement relative to the Company's pre-tax Weighted Average Cost of Capital (WACC) as described below.

For 2016 PSRs, the first element of the ROCE target is defined as the simple average of the four year Board approved targets. The average target for that period has already been defined by the Board.

Subject to the ROCE target being met, half of the PSRs will vest if the pre-defined pre-tax WACC is achieved in FY2019 and/or FY2020, and all of the PSRs will vest if the pre-defined pre-tax WACC is exceeded by at least two percentage points in FY2019 and/or FY2020, with proportional vesting on a straight-line basis between those two outcomes.

The exercise price for PSRs is nil. PSRs are exercised automatically on vest, and lapse immediately if they fail to vest on the test date.

Options – Performance condition and vesting scale

For Options, the hurdle is Total Shareholder Return (TSR) over the performance period relative to a Reference Group of companies. The Reference Group is determined at the beginning of the performance period and comprises the 10 ASX-listed companies that are larger than and the 10 that are smaller than Origin (by market capitalisation) plus AGL, Woodside, Santos and Oil Search (if they are not already in that group)⁽²⁾.

The Relative TSR performance condition is measured over a period of five financial years, beginning on 1 July of the grant year and ending on 30 June of the fifth year. The TSR for Origin and for each company in the Reference Group is measured on the basis of a three month weighted average prior to the first and last dates of the performance period.

Vesting of Options occurs if Origin's TSR exceeds the 50th percentile of the Reference Group of companies over the performance period. Half of the Options vest if Origin's TSR exceeds the 50th percentile and the full award of Options vests at the 75th percentile, with proportionate vesting on a straight-line basis for outcomes between the 50th and 75th percentiles.

Options that vest can only be exercised if the executive pays the exercise price upon which shares are then allotted. No loan from the Company is available for this purpose or any other aspect under the proposed equity grant. As a result, even if the other performance conditions are satisfied, Options have no value unless the share price rises above the exercise price. Therefore, the hurdle combines both absolute and relative share price performance conditions.

The Board has decided that the exercise price of the Options to be granted to the Managing Director will be set by reference to the Dividend Reinvestment Plan (DRP) 10-day pricing period if the DRP is in operation, otherwise it is a 10-day Volume Weighted Average Price (VWAP) to the date in September that the DRP would have otherwise applied.

Unexercised Options lapse up to a maximum of 10 years after grant.

Additional terms – Both PSRs & Options

Both PSRs and Options are subject to Clawback in accordance with the LTI rules. There is no retesting. Any unvested Options and/or

PSRs after the test at the end of the relevant performance period lapse immediately.

Upon exercise, one Option or one PSR each converts into one fully paid ordinary share in Origin allotted to the executive. Shares allotted on exercise of Options or PSRs may be subject to disposal restrictions in accordance with the Company's Dealing in Securities policy.

Options and/or PSRs normally lapse on termination, except in a limited number of circumstances such as death, disability, redundancy or genuine retirement, where Options and/or PSRs may be left on foot.

If a change of control⁽³⁾ occurs prior to the vesting of Options and/or PSRs, the Board has discretion to bring forward testing against the performance conditions as at the date of the change of control, and vesting will occur to the extent that the relevant Performance Conditions have been met.

On a capital reorganisation, the number of unvested Options and/or PSRs to which each participant is entitled, or the exercise price (if any) or both, may be adjusted in a manner determined by the Board to minimise or eliminate any material advantage or disadvantage to the participant⁽⁴⁾.

Dividends, trading and hedging

Dividends are not paid on Options or PSRs. Dividends are only paid (and voting rights only attach) to shares issued on vesting (in the case of PSRs) or exercise (in the case of Options).

The Options and PSRs granted under the Company's incentive plans are not transferable without the consent of the Board. Holders are prohibited from entering into hedging arrangements in respect of the unvested Options and PSRs.

5.3 Effect of Approval

Information about the Company's incentive plans and policies, their objectives and structure and the performance hurdles that apply to them is set out in the Remuneration Report.

Resolution 5 seeks shareholders' approval to the grant of equity incentives to Mr King with respect to the financial year ended 30 June 2016 of Options and PSRs to the value of \$1,350,000 which represents his allocation of LTI for FY2016.

The Board has decided that the number of PSRs to be granted to the Managing Director is calculated by taking half of the dollar value of the LTI award and dividing it by the Face Value of a share, being the same 10-day VWAP used to determine the exercise price for Options described above.

The number of Options to be granted is calculated by taking half of the dollar value of the LTI award and dividing it by the expected value of an Option, which is determined independently through a Black Scholes

- (1) The numerator in the calculation will be Origin's EBIT and Origin's share of APLNG EBIT plus the Dilution Adjustment. Origin's EBIT and Origin's share of APLNG EBIT is Statutory Origin EBIT adjusted to remove the following items: a. Origin's share of APLNG interest and tax (which is included in Origin's reported EBIT); b. Items excluded from underlying earnings in the (decrease)/increase in fair value of financial instruments and LNG items category (with the LNG items category expected to cease once Train 2 commences operations). It should be noted that gains and losses on disposals and impairments will only be excluded subject to Board discretion. The denominator of Average Capital Employed equals Shareholders Equity plus Origin Debt plus Origin's Share of APLNG Project Finance plus Free Carry on Dilution plus net derivative liabilities. The adjustment to Average Capital Employed reflects the impact of the accounting uplift in the asset base of APLNG of \$1.9 billion which was recorded on the creation of the APLNG Joint Venture. This balance will be depreciated in APLNG's income statement on an ongoing basis and, therefore, a dilution adjustment is made to remove this depreciation. From Origin's perspective, cash was received for this amount up-front at the time of the creation of the Joint Venture. The Free Carry on Dilution adjustments will be disclosed and explained in the financial statements. Average Capital Employed is a simple average of opening and closing capital employed in any one year.
- (2) For 2016 grants, the TSR Reference Group comprises the following 22 companies which were the relevant companies on 30 June 2016: AGL Energy Ltd, APA Group, ASX Ltd, Aristocrat Leisure Ltd, Aurizon Holdings Limited, Caltex Australia Ltd, CIMIC Group Ltd, Crown Resorts Ltd, Dexu Property Group, Goodman Group, GPT Group, Fortescue Metals Group Ltd, Insurance Australia Group Ltd, James Hardie Industries PLC, Oil Search Ltd, ResMed Inc, Santos Limited, Sonic Healthcare Ltd, South32 Ltd, Stockland Corp Ltd, TPG Telecom Ltd, and Woodside Petroleum Ltd. Asciano was excluded because it was in the process of being delisted, as a result South32 was included. Companies that subsequently cease to be listed (for example through merger, acquisition or de-listing) are not replaced, unless the Board determines otherwise.
- (3) 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 a relevant interest in the issued capital of the Company.
- (4) If new awards are granted, they will, unless the Board determines otherwise, be subject to the same terms and conditions as the original awards.

model with a Monte Carlo simulation methodology. It is not possible to use a Face Value approach for determining the number of Options, because the exercise price payable for an Option is set as the current market value of an Origin share. Therefore, the present day value of an Option (Face Value less the exercise price to pay) is zero.

As the performance condition (relative TSR) is an external market-based hurdle, the methodology for calculating the number of Options to award is the same as that used to determine the 'fair value' that is recognised under accounting standards for expensing⁽⁵⁾.

The precise number of Options and PSRs to be awarded to Mr King will not be known until approximately one week after the exercise price of the Options is known, around late September or early October, by which time the Notice of Meeting will have been printed and despatched to shareholders within the legislated timeframe. As a result, this resolution seeks approval in terms of the allocation dollar value with these Explanatory Notes setting out the formula by which the number of securities to be granted will be calculated.

The Company will issue an ASX announcement confirming the number of Options and PSRs, and the exercise price of the Options, as soon as practicable after that calculation is made (prior to the close of voting on the AGM resolutions).

The Board considers that its chosen timeframe to calculate the exercise price and number of Options and PSRs aligns the interests of shareholders and executives. The alternative, of selecting prices and values several months prior to the finalisation of the Notice and the grant date, could produce anomalous outcomes, particularly given the volatility of share prices and markets generally over the recent past.

Subject to shareholder approval being obtained, it is intended that the Options and PSRs will be issued to Mr King shortly after the 2016 AGM⁽⁶⁾. No consideration is payable on these grants.

The approval sought from shareholders will be for all purposes, including the allotment of shares on vesting of the Options and PSRs in future years, and exercise. If shareholder approval is given for this resolution under Listing Rule 10.14, separate approval is not required under Listing Rule 7.1.

5.4 Issues of securities since the last approval by shareholders

Mr King received no LTI allocation in 2015 under the revised remuneration arrangements announced prior to the 2015 AGM.

Shareholders last approved issue of securities to Mr King at the 2014 AGM for nil consideration with respect to the financial year ended 30 June 2014:

- 825,688 Options (exercise price: \$15.65);
- 73,710 PSRs; and
- 47,976 Deferred Share Rights.

These securities were issued on 22 October 2014 to Mr King and was disclosed to the market at that time and in the 2015 Notice of AGM.

There have been no other securities issued to Mr King since that date.

No vesting of any prior year LTI awards occurred during FY2016, and over \$4.8 million of previously reported statutory remuneration was forfeited during the year.

5.5 Directors' Recommendations

The Directors, with Mr King abstaining because he has a material interest, recommend shareholders vote in favour of Resolution 5.

The Listing Rules and the *Corporations Act* prohibit certain persons from voting on Resolution 5. A voting exclusion statement with regard to Resolution 5 is set out on page 2 of the Notice of Meeting.

6 RENEWAL OF PROPORTIONAL TAKE OVER PROVISIONS

The *Corporations Act* permits a Company's constitution to include a provision that enables it to refuse to register shares acquired under a proportional takeover bid, unless shareholders approve the bid.

Rule 15 of the constitution was approved by shareholders in 2013, but that approval (and therefore the rule) ceases to have effect on 29 October 2016. The Directors consider it in the interests of shareholders to continue to have a proportional takeover provision

in the constitution and, accordingly, shareholders are requested to renew the proportional takeover provisions contained in rule 15 of the constitution with effect from the date of this meeting for a further period of three years. A copy of the Company's constitution can be found on the Company's website (www.originenergy.com.au).

6.1 Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares (i.e. less than 100 per cent).

6.2 Effect of a proportional takeover bid provision

If a proportional takeover bid is made, the Directors must ensure that a general meeting to approve the bid is held more than 14 days before the last day of the bid period, at which shareholders will consider a resolution to approve the takeover bid.

Each shareholder will have one vote for each fully paid share held, with the vote to be decided on a simple majority. The bidder and its associates are not allowed to vote.

If the resolution is not passed at that meeting, no transfer will be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved. If the bid is approved (or taken to have been approved), all valid transfers must be registered.

The proportional takeover approval provisions do not apply to full takeover bids and, if renewed, will only apply for three years after the date of the renewal.

6.3 Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages for the Directors, but do have some for shareholders including:

- shareholders will be given the right to decide by majority vote whether to accept a proportional takeover bid;
- the provisions may help shareholders avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without paying an adequate control premium (i.e. paying for all of their shares);
- the provisions may increase shareholders' bargaining power and may help ensure that any bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder to decide whether to accept or reject the proportional offer.

The Directors consider that the proportional takeover provisions have no potential disadvantage for Directors other than those for shareholders which include:

- they may discourage proportional takeover bids being made for shares in the Company;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced. During the last three years that the existing proportional takeover provisions have been in effect, there were no takeover bids for the Company.

The Directors are not aware of any potential bid that was discouraged by rule 15 of the constitution.

The Directors consider that the potential advantages for shareholders of the proportional takeover provisions operating for the next three years outweigh the potential disadvantages.

6.4 Knowledge of takeover bids

As at the date of this Notice, no Director is aware of any proposal to acquire or to increase the extent of a substantial interest in the Company.

The Board unanimously recommends the renewal of the proportional takeover provisions.

(5) The difference between the value calculated for the purpose of allocation and for the purpose of grant date valuation arises because there is a delay between the offer and the granting of the award and therefore there is likely to be share price movement during that period.

(6) To satisfy Listing Rule 10.14, the Company confirms that the securities will be issued within 12 months of the date of the 2016 AGM or any adjournment of it.

EXECUTIVE SUMMARY REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2016

Each year the Non-executive Directors (NEDs) undertake a review of Origin's remuneration practices to ensure the current approach remains appropriate. In so doing the NEDs:

- Consider feedback from shareholders;
- Examine emerging market practice; and
- Test remuneration outcomes against company performance.

Last year the Board engaged remuneration advisor *Pay Governance* to undertake a comprehensive review of executive remuneration and structure. The review confirmed that, while the basic structure of the remuneration system was appropriate, changes could be made that would strengthen alignment between executive and shareholder interests, particularly in relation to the use of capital and cash.

Those changes were implemented during FY2016, following communication with shareholders through last year's Remuneration Report. More specifically, the following changes have been made.

- Overall
 - More specific peer groups were adopted for the overall At Target and Maximum remuneration benchmarks for executive remuneration, namely the 10 ASX-listed companies that were larger and the 10 companies that were smaller than Origin plus AGL, Woodside, Santos and Oil Search (if they are not already in that group).
- Short Term Incentive (STI)
 - Operating Cash Flow After Tax (OCAT Ratio) was replaced with a Net Cash from Operating and Investing Activities (NCOIA) performance metric in the STI plan; and
 - Vesting periods for Deferred STI for senior executives were lengthened from an average of two years to an average of three years. Vesting for grants of Deferred Share Rights (DSRs) relating to FY2016 will occur over two, three and four years to better align outcomes with the Company's investment cycle, rather than one, two and three years as was previously the case.
- Long Term Incentive (LTI)
 - A second hurdle was introduced based on Return on Average Capital Employed (ROCE). This measure applies to the Performance Share Rights (PSRs) component of LTI, while the relative Total Shareholder Return (TSR) hurdle will apply to the Options component;
 - The allocation methodology for PSRs has been changed and is now based on Face Value (previously fair value discounted for performance hurdles was used);
 - The ratio of Options to PSRs in the LTI mix was changed from 75:25 to 50:50;
 - A more specific comparator group was adopted for the TSR hurdle than the S&P/ASX 100 companies that were previously used. The revised group is defined at the commencement of the performance period as those 10 ASX-listed companies that are larger than and 10 that are smaller than Origin plus AGL, Woodside, Santos and Oil Search (if they are not already in that group).
 - The average vesting period for senior executives has been lengthened such that the Options tranche is now subject to a five-year vesting period, while retaining the vesting period for PSRs at four years.

These changes have been made to:

- Align overall remuneration outcomes to companies of comparable size, given the changes in Origin's market capitalisation and its near term performance. The Board has exercised discretion downwards for STI and LTI to achieve these outcomes;
- Strengthen the linkage to capital management;
- Strengthen the linkage between the STI plan hurdles and short term profitability;
- Better align the length of vesting periods for both Deferred STI and LTI arrangements to Origin's investment cycle; and
- Set the mix of Options and PSRs to an appropriate level and review the allocation process for PSRs in response to market feedback.

Directors consider that the changes made will further strengthen the alignment with the interests of shareholders. Directors recommend that shareholders read the full Remuneration Report to understand the nature of that alignment.

Alignment with shareholders for the year ended 30 June 2016 is demonstrated in the following ways:

Fixed Remuneration

- For KMP roles, Origin's position in the market is benchmarked against industry peers and comparably sized S&P/ASX companies. Directors have exercised discretion to ensure that overall remuneration is held within the overall limits of those benchmarks, recognising the change in the company's overall market capitalisation.
- There is no increase in Fixed Remuneration for any of the Executive Key Management Personnel (KMP) for FY2017.
- Overall gender variation of Fixed Remuneration for like roles across the organisation was maintained within a one percentage point band during FY2016.

Short Term Incentives

- STI plays a key role in aligning superior operational outcomes for shareholders with the remuneration outcomes for management. The amount of STI awarded reflects financial and operational outcomes over the course of the financial year.
- STI opportunity levels vary according to the Business Unit served by the executive and according to their role. The amount at risk increases with job size and the capacity to influence the overall performance of the business.
- The Managing Director's STI is determined by reference to the Group's financial and safety performance for the year; the Company's overall Employee Engagement Score; and a number of personal measures that reflect strategic and people priorities, including delivering value for shareholders and succession planning.
- STI for other executives is determined by reference to Group performance as well as Business Unit and personal operational measures. Examples of Business Unit measures include safety outcomes; engagement scores; project delivery milestones; production metrics (especially in the Integrated Gas Business Unit) or customer satisfaction and profitability (especially in the Energy Markets Business Unit).
- The Board exercised its discretion to vary calculated STI awards downwards for FY2016, with agreement of affected executives, including to zero in the case of the Managing Director, in the context of overall company performance.
- Where an STI is awarded, one-third of the STI allocation is deferred, with vesting occurring in three tranches after two, three and four years, subject to continuing service and satisfactory personal performance obligations, and is subject to clawback.
- Total STI awarded for Executive KMP for FY2016 was almost 50 per cent less than the prior year.

Long Term Incentives

- LTI awards are designed to align executive remuneration with financial outcomes for shareholders over the long-term and to support the objective of attracting and retaining valuable executives.
- LTI awards are considered for approximately 80 executives and delivered in the form of deferred equity interests in Origin, through a mixture of Options and PSRs. The value of these instruments depends on the extent to which market performance hurdles are met and exceeded; and by the extent of share price appreciation in the case of PSRs, or in the case of Options, the amount by which the share price has appreciated above the exercise price.
- The Target Value of an LTI is determined by the position held and the executive's influence on the long-term performance of the Company, and individual allocations are determined having regard to the performance and potential of the executive.

ATTACHMENT 1

EXECUTIVE SUMMARY REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

- Subject to shareholder approval, a 45 percent LTI allocation valued at \$1,350,000 has been proposed for the Managing Director, following his LTI allocation being reduced to zero in FY2015. This allocation will only vest if performance conditions for ROCE and for relative TSR are met.
- LTI allocations overall for Executive KMP for FY2016 are higher than those actually granted for FY2015, following the Managing Director and Ms Moses, former Executive Director, Finance and Strategy, agreeing to reduce their LTI grant to zero subsequent to an initial higher allocation. LTI awards are prospective and will only vest if performance conditions for ROCE and for relative TSR are met, in other words the recipients will do well from the grants only if shareholders also do well.

The Company has delivered remuneration outcomes for executives that broadly reflect those for shareholders.

- The Board has exercised downwards discretion for a number of KMP, including for the Managing Director to align individual outcomes with benchmarks derived from the 22 ASX companies that are closest to Origin's current market capitalisation at the end of FY2016. The impact of impairments have also been taken into account.
- The strong alignment of remuneration outcomes with shareholders' interests is demonstrated by the fact that no LTI granted in prior years vested in FY2016, nor in any of the preceding three years.
- During FY2016 over \$9 million of previously reported statutory remuneration was forfeited. During the last three years the Managing Director has forfeited more than \$9.5 million of LTI equity that was previously reported as statutory remuneration.

Appropriate governance and remuneration arrangement for NEDs have ensured a strong focus on shareholders' interests

- Effective governance is central to Origin's remuneration approach. It is achieved through a clear definition of responsibilities, appropriate composition of the Board Remuneration Committee and adherence to processes that ensure independent decision-making.
- The Board Remuneration Committee currently consists of four independent NEDs, each of whom has strong remuneration experience either as a member of board remuneration committees at other major companies or in their prior roles as an executive.
- Fees are fixed to allow for independent and objective assessment of executive and Company performance.
- NEDs are required to hold a minimum of 20,000 shares in the Company within three years of appointment, to closely align the interests of the Board with those of the Company's shareholders.
- No increases have been made to NED fees for FY2017, which have remained unchanged since FY2013, apart from the introduction of fees for the Risk Committee which were introduced in FY2016.
- No change is proposed to the aggregate cap for NED remuneration which was last approved by shareholders at the 2010 AGM.

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Further information about
Origin's performance can
be found on the website:
www.originenergy.com.au



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(outside Australia) +61 2 8016 2896

YOUR VOTE IS IMPORTANT

The Annual General Meeting of the Company will be held at the Four Seasons Hotel, 199 George Street, Sydney, NSW 2000 on Wednesday, 19 October 2016 at 10:30am AEDT.

For your proxy appointment and vote to be effective it must be recorded before **10:30am AEDT on Monday, 17 October 2016**. You may appoint your proxy and vote either by going online or completing this form.

📠 TO VOTE ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT www.votingonline.com.au/originagm2016

STEP 2: Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



PLEASE NOTE: For security reasons it is important you keep the above information confidential.

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1 on the next page. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. A proxy may be an individual or a body corporate. Do not write the name of the Company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 & 3 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Company's securities registry.

STEP 4 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 5 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am AEDT on Monday, 17 October 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 Online	www.votingonline.com.au/originagm2016
📠 By Fax	+ 61 2 9290 9655
✉ By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
👤 In Person	Level 12, 225 George Street, Sydney NSW 2000 Australia
📱 By Smartphone	Via Boardroom Investor App, or Scan the QR Code

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.



Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Origin Energy Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

OR failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Four Seasons Hotel, 199 George Street, Sydney, NSW 2000, on Wednesday 19 October 2016 at 10:30am AEDT** and at any adjournment or postponement of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

STEP 2 VOTING DIRECTORS AND EXCLUSIONS

If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default, and I/we have not directed my/our proxy how to vote in respect of Resolutions 4 & 5, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 4 & 5 even though they are connected with the remuneration of a member of key management personnel of Origin Energy Limited.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolutions 2 to 6 inclusive. The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each Resolution.

If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 3 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority on a poll.

		For	Against	Abstain*
Resolution 2	Re-election of Mr Gordon Cairns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Bruce Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Remuneration Report (Non-binding advisory vote)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Equity grants to Managing Director Mr Grant King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 4 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016