To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	30 September 2015
From	Helen Hardy	Pages	6
Subject	Announcement - Origin launches $2.5 billion entitlement offer		

Please find attached a release on the above subject.

Regards

Helen Hardy
Company Secretary

02 8345 5000 – helen.hardy@originenergy.com.au

origin

ASX/Media Release

30 September 2015

Origin launches $4.7 billion of new capital initiatives to strengthen balance sheet

Capital Initiatives – Highlights

- Raise $2.5 billion via fully underwritten pro rata renounceable accelerated entitlement offer
- Implement additional $2.2 billion of targeted cash preservation initiatives:
  - Reduce capital expenditure and working capital requirements during FY2016 and FY2017 by $1.0 billion
  - Dividend guidance of 20 cents per share for FY2016 and FY2017 supported by cash flow from existing business (excluding Australia Pacific LNG) to save $420 million of cash flow
  - Target up to $800 million of non-core asset sales by FY2017
- Initiatives expected to reduce net debt to below $9 billion by end FY2017
- Provides and maintains headroom for Origin's investment grade credit rating

Origin Energy Limited (Origin) today announced an extensive suite of capital initiatives to strengthen the Company's balance sheet and maintain an investment grade credit rating.

Origin Chairman Gordon Cairns said, "At current market forward oil prices and exchange rates, Origin's Net Debt/Underlying EBITDA is expected to be comfortably below 4x in FY2017 and reducing below 3x in subsequent years.

"In addition to raising $2.5 billion in capital, we plan to reduce the Company's dividend for FY2016 and FY2017, make further reductions in capital expenditure and sell non-core assets to strengthen Origin's balance sheet.

"These initiatives will lower debt, strengthen the balance sheet and reduce reliance on distributions from Australia Pacific LNG.

"We believe this package of initiatives is prudent in light of current market conditions and strikes a reasonable balance in the best interest of all shareholders," Mr Cairns said.

Narrowed focus to Energy Markets and Integrated Gas

Origin Managing Director, Grant King said, “Origin has narrowed its focus to its two core Australian-based businesses – Energy Markets and Integrated Gas.

“Origin’s Energy Markets business has a track record of producing strong and stable cash flows. We have a leading market share position with 4.3 million customer accounts, a diverse and flexible fuel and generation portfolio, an unmatched portfolio of gas and gas transportation arrangements from which to capture value in Australia’s growing gas market – and we are well placed to benefit from the growing trend to renewables.

“Origin’s Integrated Gas business, comprising a 37.5 per cent interest in Australia Pacific LNG and our stable Exploration & Production interests, is set to be a major beneficiary of growing domestic and global gas markets. Australia Pacific LNG, which is developing Australia’s largest CSG to LNG project, is on track to produce first LNG in November – a key milestone in a journey that began eight years ago.

“Australia Pacific LNG has invested in production and pipeline capacity beyond existing sales contracts, providing potential upside through additional sales to domestic and export markets,” said Mr King.

Origin does not expect to make further contributions to Australia Pacific LNG beyond the previously announced $1.8 billion[1], which will bring both trains into production in FY2016.

Origin is focused on its Energy Markets and Integrated Gas businesses, and will discontinue and exit all geothermal and international hydrocarbon exploration and development activities.

Fit for the future

Mr King said, “Origin has implemented and is implementing $6.9 billion in initiatives to strengthen its balance sheet and build resilience in a lower oil price environment”.

Origin, as upstream operator for Australia Pacific LNG, is also on track to deliver its planned $1.0 billion reduction in the project’s upstream cost structure.

Previously announced initiatives include the sale of Contact Energy and capital and operating cost reduction programs. We are making good progress on our recently announced target to reduce cash costs by $200 million a year from FY2017.

Origin is targeting a further $1 billion reduction in capital expenditure and working capital across FY2016 and FY2017. This is a 40 per cent reduction on previous capital expenditure guidance by stopping uncommitted E&P projects and limiting expenditure to joint venture and permit commitments.

Origin will also target up to $800 million in asset sales by FY2017. This will include non-operated upstream interests and direct investments in assets for wind generation and infrastructure assets such as pipelines that require tolling arrangements to be put in place.

[1] Together with contributions from other shareholders.

Origin will commence a controlled exit of geothermal and international exploration activities, which may result in a potential write-down of $100-$150 million and will result in an additional $53 million of exploration expense in Vietnam in FY2016.

Stronger balance sheet

Entitlement Offer

Origin has also announced a 4 for 7 fully underwritten pro rata renounceable entitlement offer to raise approximately $2.5 billion.

Offer Size and Structure	• $2.5 billion 4 for 7 fully underwritten pro rata renounceable entitlement offer (PAITREO) • Institutional component of the entitlement offer accelerated • Retail entitlements may be traded on ASX • All new shares rank equally with existing shares
Offer Price	• $4.00 per new share, representing: • 34.4% discount to Origin's closing price on 29 September 2015 • 25% discount to the theoretical ex-rights price (TERP)[2]
Institutional Entitlement Offer	• Institutional Entitlement Offer 30 September to 1 October 2015 • Institutional shortfall book build 2 October 2015 • Trading halt lifted 6 October 2015 • Institutional entitlements will not trade on ASX
Retail Entitlement Offer[3]	• Retail entitlements trade on ASX 6 October to 19 October 2015 • Retail Entitlement Offer 13 October to 26 October 2015 • Retail shortfall bookbuild 28 October 2015

This offer will immediately reduce debt and strengthen Origin's balance sheet.

[2] The theoretical ex-rights price is the price at which Origin ordinary shares should trade immediately after the ex-date for the Entitlement Offer assuming 100 per cent take-up of the offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which Origin ordinary shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.

[3] The timetable is indicative only and subject to change. All times are references to Sydney time. Origin reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

Outlook[4]

FY2016 transformational year for Origin as Australia Pacific LNG commences production

Underlying EBITDA from Origin's existing businesses (excluding LNG Underlying EBITDA) is expected to be $1.45-$1.55 billion[5]. This reflects a strong contribution from our Energy Markets business and lower earnings in Exploration & Production.

Origin expects LNG Underlying EBITDA to be $110-$230 million[5] reflecting minimal revenue from the sale of gas to QGC and the disproportionate recognition of LNG operating expenses compared to revenue. This will be more than offset by the disproportionate recognition of interest and depreciation during the ramp up to full production, which could result in a negative contribution to Underlying NPAT from LNG in FY2016 of $170-$220 million.

FY2017 expected to deliver earnings step change

Underlying EBITDA (excluding LNG Underlying EBITDA) from Origin's existing businesses during FY2017 is expected to be $1.9-$2.1 billion[6]. This result will be driven by strong growth in Energy Markets and Exploration & Production as well as a full year of functional cost savings.

LNG Underlying EBITDA is expected to be $1.2-$1.3 billion[6] when both of Australia Pacific LNG's production trains will be on line.

Further information:

Media

Lina Melero
General Manager, External Affairs
Ph: +61 2 8345 5217
Mobile: +61 427 017 798

Investors

Peter Rice
General Manager, Capital Markets
Ph: +61 2 8345 5308
Mobile: +61 417 230 306

About Origin Energy

Origin Energy (ASX: ORG) is the leading Australian integrated energy company with market leading positions in energy retailing (approximately 4.3 million customer accounts), power generation (approximately 6,000 MW of capacity owned and contracted) and natural gas production (1,093 PJ of 2P reserves and annual production of 82 PJe). To match its leadership in the supply of green energy, Origin also aspires to be the number one renewables company in Australia.

Through Australia Pacific LNG, its incorporated joint venture with ConocoPhillips and Sinopec, Origin is developing Australia's biggest CSG to LNG project based on the country's largest 2P CSG reserves base.

www.originenergy.com.au

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

[4] Refer to Forward Looking Assumptions contained within Origin's accompanying Investor Presentation 30 September 2015.

[5] Based on forward oil price of US$54/bbl and USD:AUD of $0.73.

[6] Based on forward oil price of US$59/bbl and USD:AUD of $0.73.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by, and the New Shares may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to expected production volumes, the outcome and effects of the offer. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Origin and cannot be predicted by Origin and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Origin and its related bodies corporate, joint ventures and associated undertakings operate. They also include general economic conditions, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of Origin or any of its respective subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

Financial data

Investors should be aware that certain financial data included in this announcement are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include EBITDA, Underlying EBITDA, Working Capital and Net Debt.

In addition, such measures may be "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The disclosure of such non-GAAP financial measures in the manner included in this announcement may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Origin believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this announcement.

Investors should note that this announcement contains pro forma financial information, including a pro forma balance sheet as at 30 June 2015. In preparing the pro forma financial information, certain adjustments were made to Origin's audited balance sheet as at 30 June 2015 that Origin considered appropriate to reflect the application of the proceeds of the entitlement offer to repay debt, as if the entitlement offer and application of proceeds had occurred on [30 June 2015]. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

Investors should note that while, as an Australian public company with securities listed on the ASX, Origin's oil and gas reserves and resource estimates are prepared in accordance with the Petroleum Resources Management System (PRMS) 2007 published by the SPE and ASX reporting guidelines, such oil and gas reserves and resource estimates, including those included in this announcement, have not been prepared in accordance with, and do not purport to comply with, methodologies and classifications used by oil and gas companies subject to the reporting obligations of the SEC, including the reporting requirements set out in Regulations S-K and S-X under the U.S. Securities Act and related SEC disclosure requirements. In particular, in relation to Origin's Australia Pacific LNG estimates, in addition to estimating and disclosing proved (1P) reserves, Origin also estimates and discloses proved plus probable (2P) reserves, proved plus probable plus possible (3P) reserves, and best estimate contingent (2C) resources, and that 3P reserves and 2Cresources would not be permitted to be disclosed in a registration statement, annual report or other public report filed with the SEC. Investor should be aware that no assurance can be given that Origin's reserves or resources will be recovered at the levels presented, and that unproved reserves and resources are by their nature more speculative than proved reserves and, accordingly, are subject to substantially greater risk of not being realized by Origin. In addition, different reporting systems employ different assumptions, and Origin's methodologies for classifying reserves and resources and its reserves and resources classifications vary in certain respects from the methodologies and classifications used by oil and gas companies subject to other reporting obligations, including those of the SEC.