



ASX/Media Release

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Origin Energy advises shareholders to reject BG's offer

Origin Energy (ASX: ORG) today issued its Target's Statement advising shareholders to reject BG Group's ("BG") conditional takeover offer because it undervalues Origin's existing business and outstanding prospects.

Origin's Chairman, Mr Kevin McCann, said, "Origin is a strongly performing, Australian integrated energy company with an impressive track record of growth. Origin has developed the leading position in Coal Seam Gas (CSG) in Australia and the strength of this position will be a key driver for continuing growth. A formal process was initiated in June to seek proposals to accelerate the development of Origin's CSG reserves and we have short-listed a number of global participants in the energy industry, each of which has proposed a CSG to LNG project.

"Prior to the closing date of BG's offer, Origin intends to provide shareholders with an Independent Expert's Report. The Report will include a valuation of Origin's shares based on all relevant information about Origin's value and prospects, including the outcome of the CSG monetisation process."

Mr McCann said, "Shareholders should also be aware that the average broker 12 month share price targets, ranging from \$17.01 to \$20.00, are materially above BG's offer. Furthermore Origin's average daily share price has been above \$15.50 since Origin's rejection of this price on 30 May."

Commenting on the Target's Statement which is being distributed to shareholders today, Mr Grant King, CEO of Origin said, "The Target's Statement sets out seven key reasons why Origin shareholders should reject BG's offer:

- Origin has an outstanding fuel integrated generation and retail business
- Origin has the largest CSG reserves and is the leading developer of CSG in Australia
- Origin is well placed to benefit from rising energy prices and increasing demand for gas
- A CSG to LNG project may deliver additional value for Origin shareholders
- Origin has an impressive track record of business and underlying earnings growth
- BG is seeking to create value for its own shareholders at the expense of Origin's shareholders
- Shareholders who accept BG's offer may incur a significant tax liability."

Mr King said, "Origin has successfully pursued a strategy of developing a fuel integrated generation and retail business which has created substantial value for Origin shareholders. Origin has outstanding prospects as a strongly performing Australian integrated energy company with increasing exposure to growing demand and higher prices for Australia's natural resources."

Mr McCann concluded, "Directors believe it is in shareholders' best interests to reject BG's offer."

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