

A large, stylized orange 'C' logo that curves around the text on the slide. The 'C' is thick and has a slight 3D effect with a darker orange shadow on its right side.

New Zealand's leading integrated energy company

Goldman Sachs Investor Conference

London

September 2007

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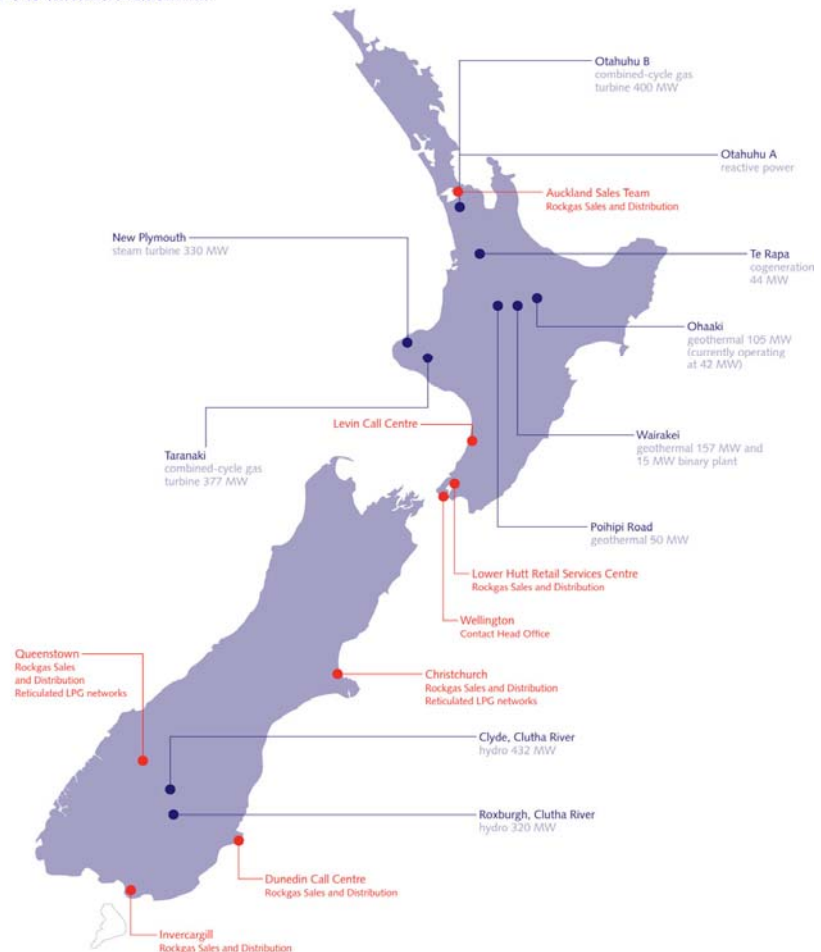
Furthermore, while all reasonable care has been taken in compiling this presentation, Contact accepts no responsibility for any errors or omissions.

Snapshot of Contact Energy

- 634,000 customers (electricity, gas, LPG).
- 28% of NZ's generation from 10 power stations
 - 51% natural gas
 - 34% hydro
 - 15% geothermal
- 27% share of the electricity retail market
- 32% of the gas retail market
- 50% of the LPG market

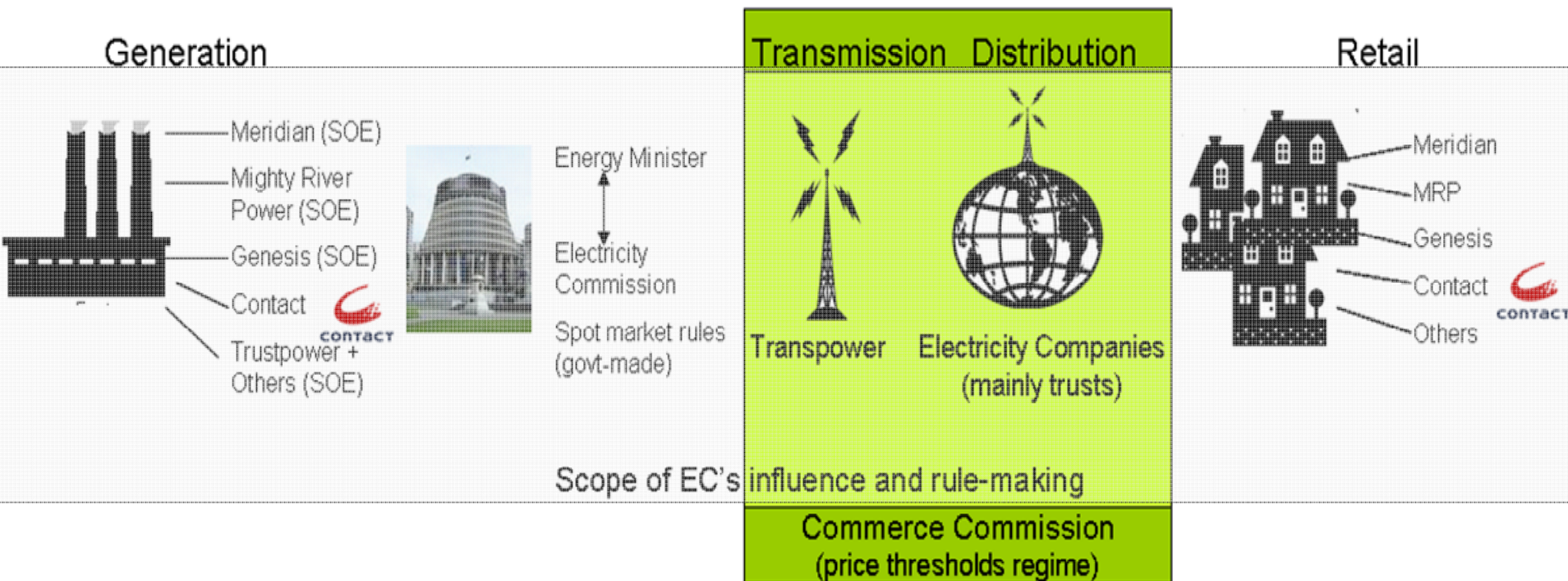
Contact Energy national overview

Contact can supply electricity and gas products across the country. Contact has reticulated natural gas customers across much of the North Island, reticulated LPG customers in Christchurch, Queenstown and Wanaka and can supply bottled LPG to customers nationwide.



New Zealand's Electricity Industry Regulatory Structure


- New Zealand's regulatory structure is relatively light handed
- There is ownership separation between lines companies and generator/retailers
- An industry regulator, the Electricity Commission, makes recommendations to the Minister regarding rules and regulations

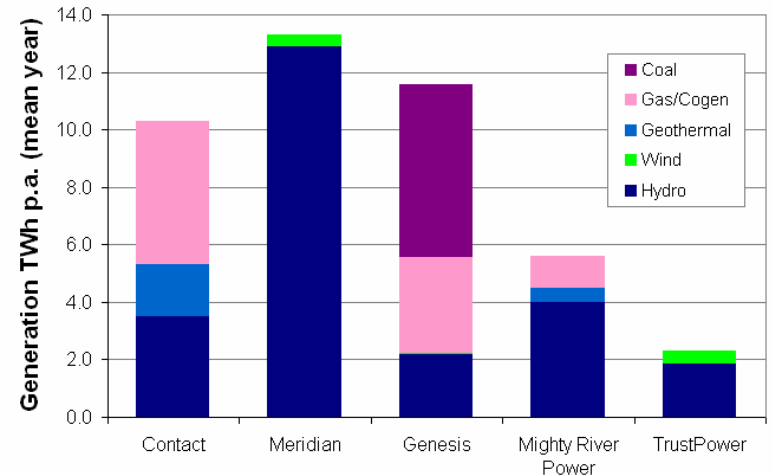
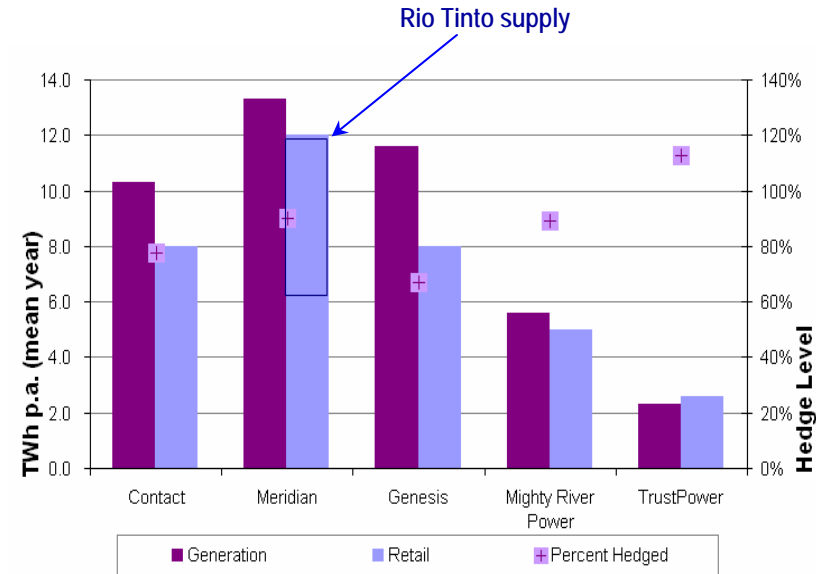


The sector is dominated by integrated generator / retailers

- A high level of integration between generation and retail customer bases
- Three of Contact's competitors are state owned
- Contact is the only generator/retailer with access to LPG as well as natural gas

	Meridian Energy	Mighty River Power	Genesis Energy	Contact Energy	TrustPower
Generation	2,539MW (hydro, wind)	1,297MW (hydro, gas, geothermal)	1,991 MW (coal, hydro, gas, wind)	2,125MW (hydro, gas, geothermal)	495MW (hydro, wind)
Customers	Elec cust 190,000	Elec cust 344,000 Gas cust 27,000	Elec cust 580,000 Gas cust 130,000	Elec cust 511,000 Gas cust 76,000 LPG cust. 30,000	Elec cust 219,000


 Government owned



Strategic themes

Renewable energy growth programme

- Renewable energy investment programme announced - \$2billion over 5-7 years in wind and geothermal

A price on carbon

- Government set to announce a cap and trade market for carbon coupled with strong emphasis on renewable energy

Retail price

- Retail prices will need to rise to cover cost of carbon and to meet LRMC of renewable generation

Geothermal

- Geothermal energy of strategic significance to country's energy strategy

Rising gas prices

- Gas prices increasing with need to contract for more supplies by 2010

Retail market

- Retail market share of increased importance

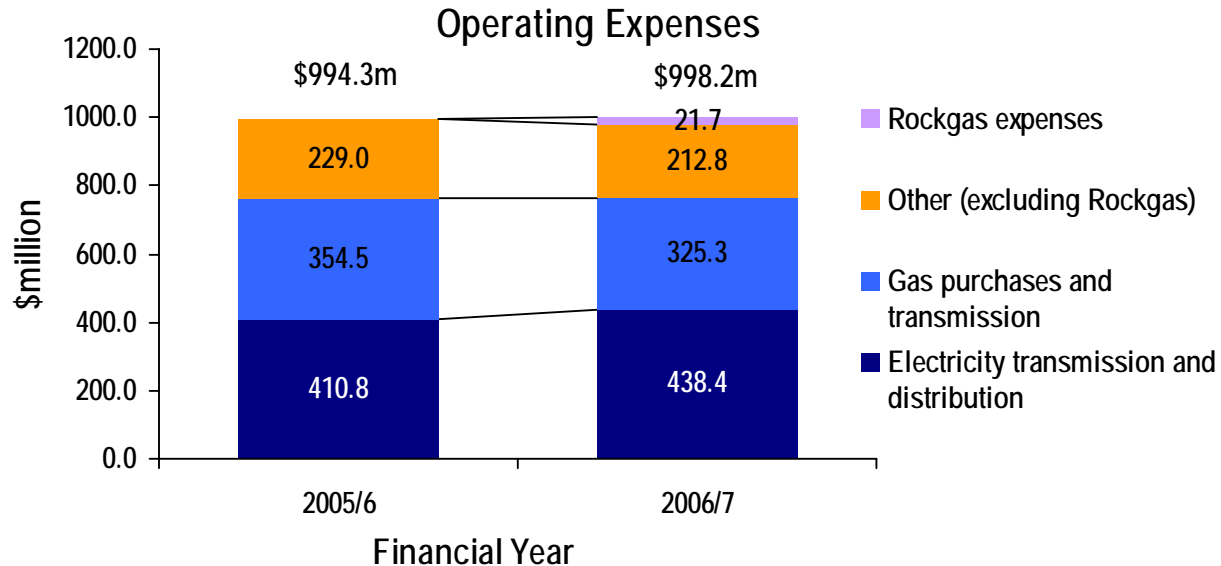
Financial Results Summary

	12 Months Ended	12 Months Ended	Variance	
	30 June 2007	30 June 2006	\$million	%
	\$million	\$million		
Operating Revenue	\$1,998.0	\$2,330.1	(\$332.2)	-14%
Operating Costs	(\$1,454.3)	(\$1,773.1)	\$318.8	-18%
EBITDAF	\$543.7	\$557.0	(\$13.4)	-2%
Depreciation	(\$139.2)	(\$133.2)	(\$6.0)	4%
Change in Fair Value of Financial Instruments	\$23.2	\$8.7	\$14.5	167%
Equity Accounted Earnings/(Loss) of Associate	\$0.7	\$4.4	(\$3.7)	-84%
Gain on Disposal of Subsidiaries	-	\$33.4	(\$33.4)	
EBIT	\$428.4	\$470.3	(\$41.9)	-9%
Net Interest Expense	(\$62.7)	(\$67.6)	\$4.9	-7%
Profit before Income Tax	\$365.7	\$402.7	(\$37.0)	-9%
Income Tax Expense	(\$119.0)	(\$121.8)	\$2.8	18%
Change in Corporate Income Tax Rate	(\$7.1)	-	(\$7.1)	
Profit for the Period	\$239.6	\$280.9	(\$41.3)	-15%
Adjusted Profit for the period	\$231.2	\$241.6	(\$10.4)	-4%
Adjusted Earnings per share	40.09	41.91		
Effective tax rate	32.5%	30.0%		

Key drivers of profit for the period ended 30 June 2007

- On an adjusted basis, profit at \$231.2m was down by 4% while EBITDAF was 2% lower than in the 2006 financial year
- In the 2007 financial year, wholesale electricity revenue reduced by 40% with an average wholesale price of \$53.70/MWh compared with \$92.80/MWh in the 2006 financial year
- Contact also faced
 - a 20% increase in the unit cost of gas – equivalent to \$40.2m on a volume adjusted basis; and
 - a 6.7% increase in electricity transmission and distribution costs - \$27.6m
- Generation volumes were 4% lower than in the 2006 financial year - due to the differences in hydro conditions between the periods, there was increased hydro generation which offset a 19% reduction in thermal generation
- There was a stronger contribution from the retail electricity business:
 - electricity purchase costs reduced by 41%
 - retail sales volumes increased by 2.7% while the average retail sales price increased 5.6% per kWh

Operating Expenses (excluding retail electricity purchase costs)

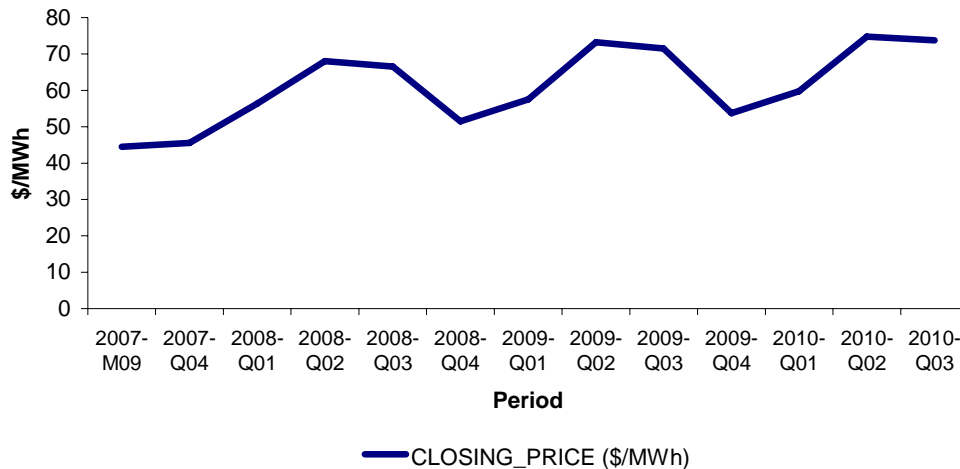


- Electricity transmission and distribution expenses increased by 6.7% to \$438.4m
- While total gas purchases and transmission reduced by 8%, the average cost per GJ increased by about 20%
- Rockgas' contribution to total expenses was \$21.7m for the 2 months since Contact took ownership
- Labour and other operating expenses reduced by about 7% between the periods. Some of this is due to the fact that the previous period included approx. \$8.7m of costs associated with the proposed merger with Origin. The remainder of the reduction is due to focus on reducing cost to serve and general corporate overhead

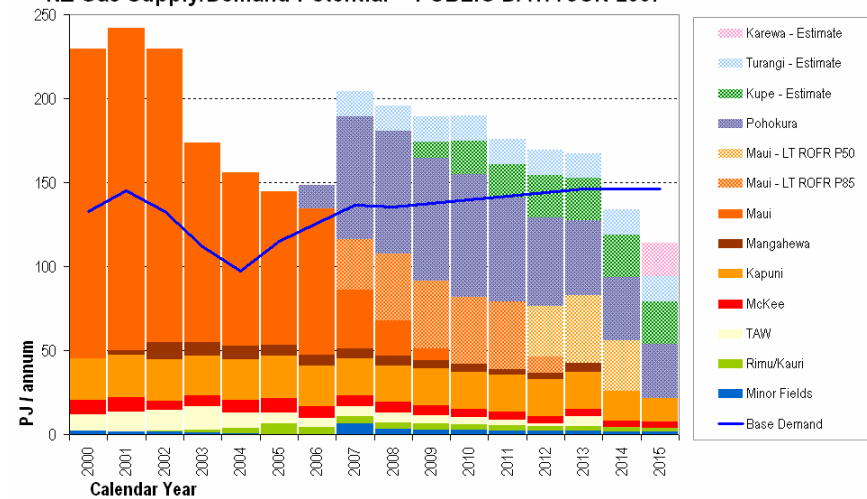
Short term outlook

- Prices on energy hedge which range between approx. \$50/MWh and \$70/MWh over the next few years
- There is expected to be excess gas available at least for the period to 2010 and possibly beyond that once Kupe is on stream

Energy Hedge Closing Price (\$/MWh) - 24 August 2007

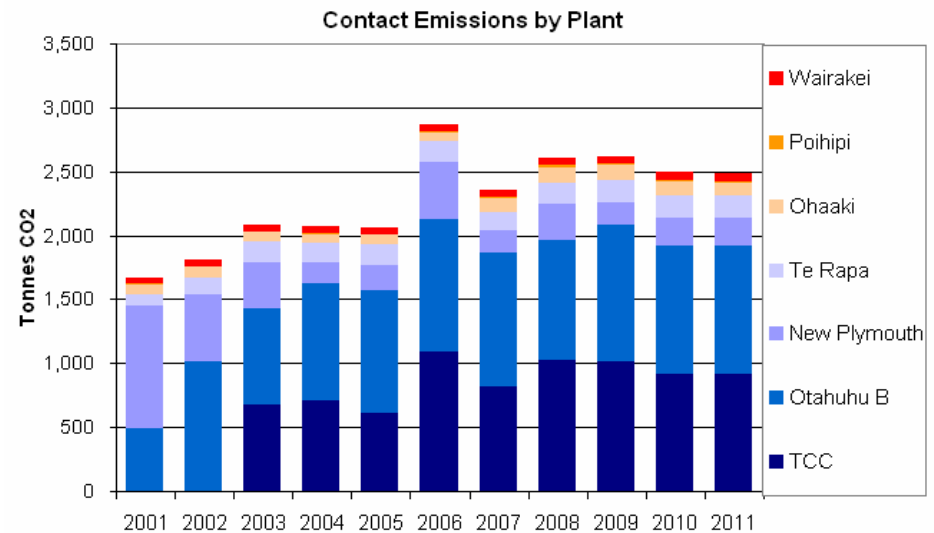
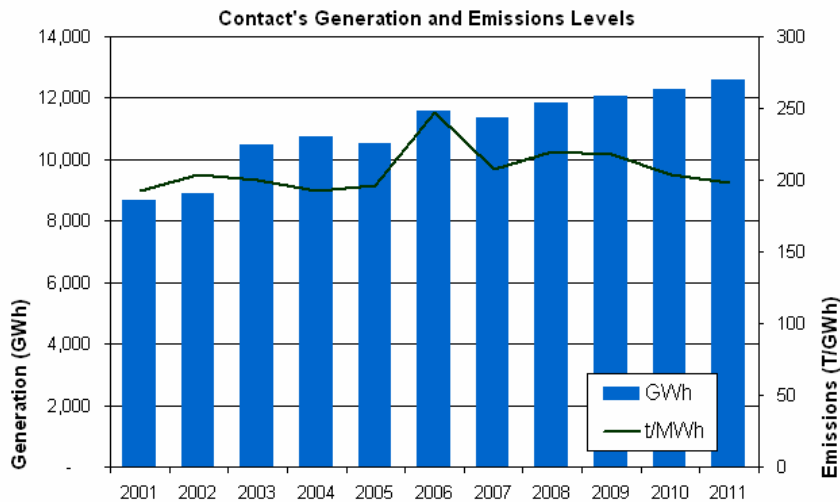
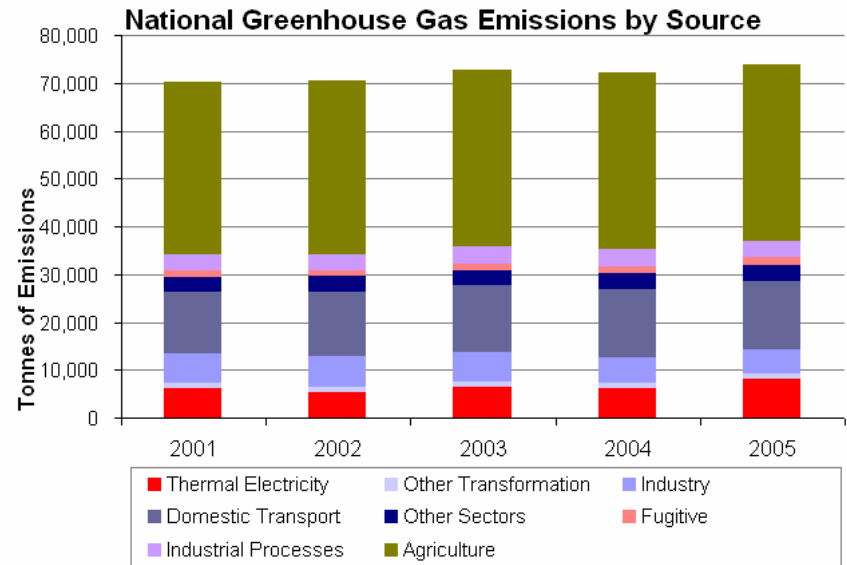


NZ Gas Supply/Demand Potential - PUBLIC DATA JUN 2007



The NZ Energy Strategy is focussed on lowering emissions

- Generation emissions in 2005 were around 11% New Zealand's total emissions – different than most developed countries
- Contact's emissions are projected to fall due to the introduction of new renewable generation from the beginning of the next decade
- Genesis Energy has announced the 1000MW Huntly coal fired plant will be moved into a reserve role over the next decade



Carbon policy

- It seems increasingly likely that a cap and trade regime will be introduced into New Zealand with Government proposals expected to be released shortly
- Contact anticipates that this will be introduced from 2009 with the effect being reflected in prices in steps to 2012
- At a carbon price of NZ\$20/tonne, wholesale prices are expected to increase by ~\$7/MWh (10% real) and retail prices by ~4% real



We're all part of the problem.
We can all be part of the solution.

Climate change is such a big issue it can seem too hard for any one person to make a difference. It doesn't have to be. Real action on climate change is possible – every day.

That's why Contact Energy has a Climate Change Action Plan to deliver meaningful, affordable, personal choices that New Zealanders can take to make a difference – at work, at home, and in the community. Contact is already taking action on climate change through:

- planning to invest up to two billion dollars in clean, renewable geothermal and wind power projects over the next five years.
- challenging the electricity industry to cut its greenhouse gas emissions by 40 per cent by 2014.
- supporting government policies that reward, champion and accelerate action on climate change.
- giving Contact Energy customers the tools, products and special offers to make their homes and workplaces warmer, healthier, and more energy efficient, and
- in the last two winters, helping to insulate more than 3,000 low income and elderly New Zealanders' homes at low or no cost.

Now, we're going to help our customers cut one million tonnes of greenhouse gas emissions between now and 2014.

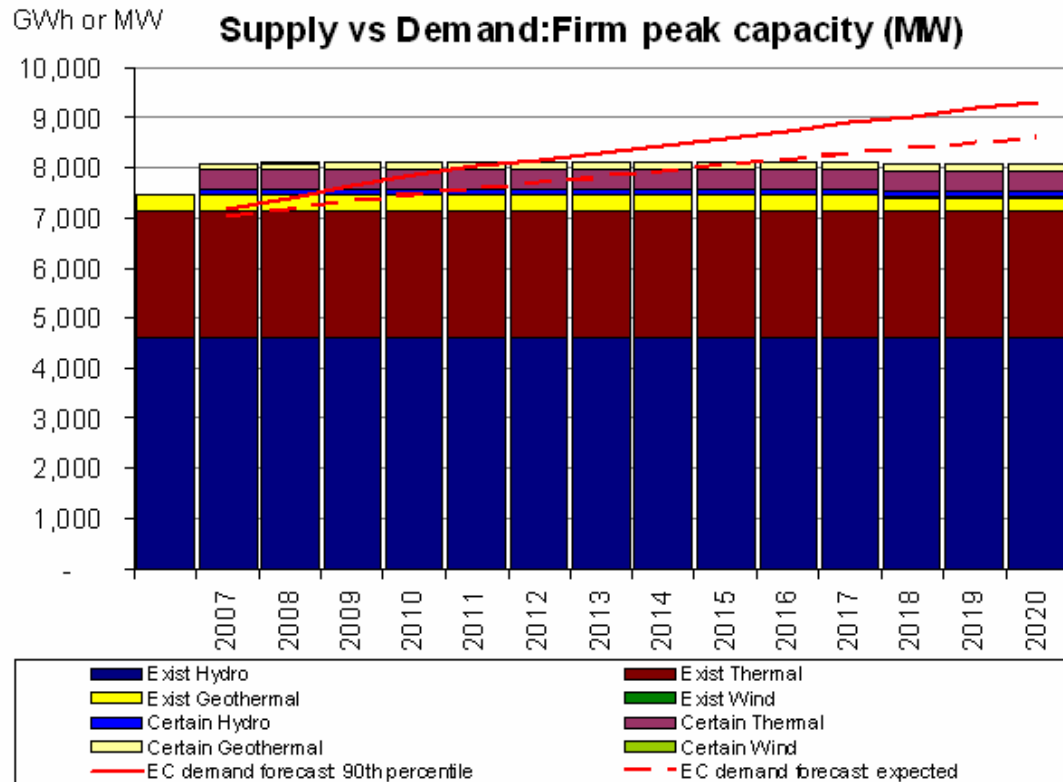
It's a big but realistic target. We're looking for savings of 50,000 tonnes in year one, stepping up to total savings of one million tonnes over seven years. The Contact Energy Carbon Calculator is a great first step for anyone wanting to join this challenge. The calculator lets anyone work out their household's "carbon footprint" in a few simple steps. Contact will soon be giving practical, affordable advice to reduce and, ultimately, offset greenhouse gas emissions using accredited carbon reduction projects. See how you can reduce your "carbon footprint" by going to www.contactenergy.co.nz. At Contact Energy, we know it's time for action. Let's take it.

Contact Energy – We're Active on Climate Change

To read more about the Contact Energy Climate Change Action Plan, visit www.contactenergy.co.nz



New firm peak capacity will be required by around 2012/13



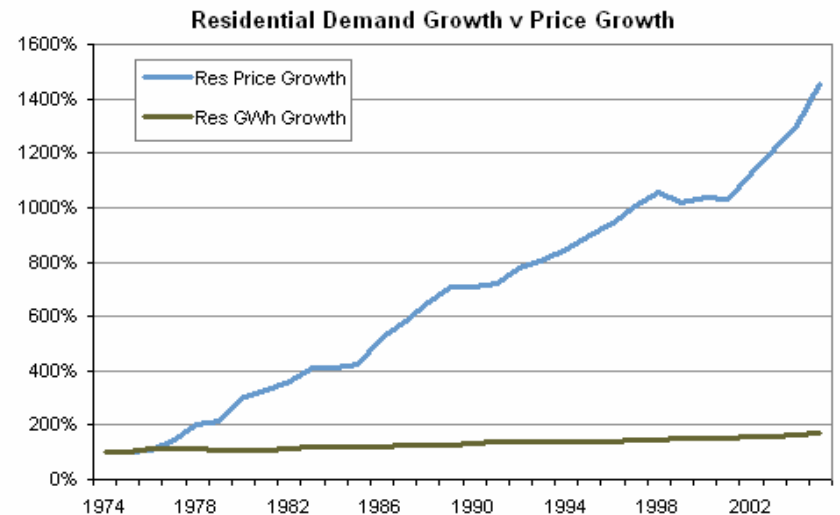
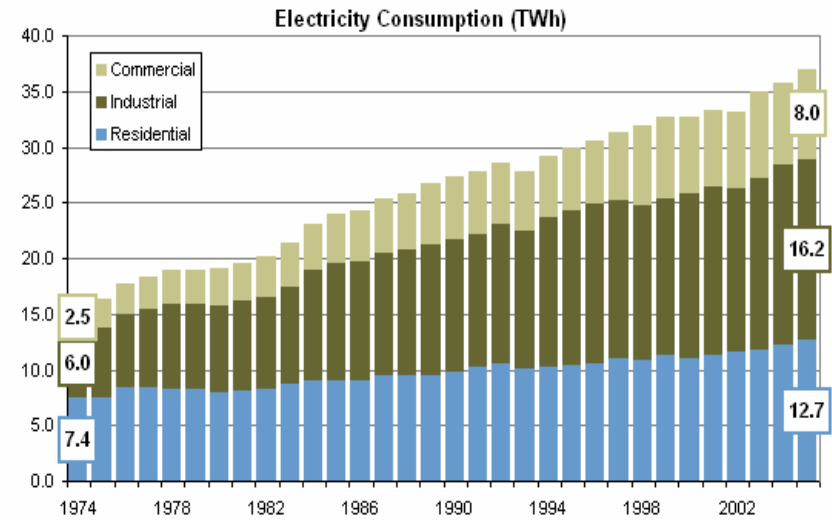
- Chart shows current and committed generation against growth in peak demand
- Since wind does not contribute significantly to firm capacity the market requires other capacity to meet that requirement

Energy policy and market considerations

- Substantial new capacity will be needed by 2012/13 to meet peak demand growth
- The volatility of wind means it can provide a limited contribution to firm capacity
- Hydro development lead times are too long to provide any new capacity in the short to medium term
- Geothermal and gas fired generation are the only firm fuel types that can be developed by 2012/13, when Contact estimates new capacity will be required
- New geothermal plants are also the lowest cost source of incremental generation and have the benefit of operating base load but can take some time to consent
- To ensure new geothermal capacity is built by 2012/13 the Government should exercise its call in powers under the Resource Management Act
- The Minister of Energy has made positive statements about the greater use of call in and Contact believes its two geothermal plants are appropriate candidates for call in
- Contact's Otahuhu C combined cycle gas plant option remains on hold reflecting a view that Government policy will support the timely development of renewables

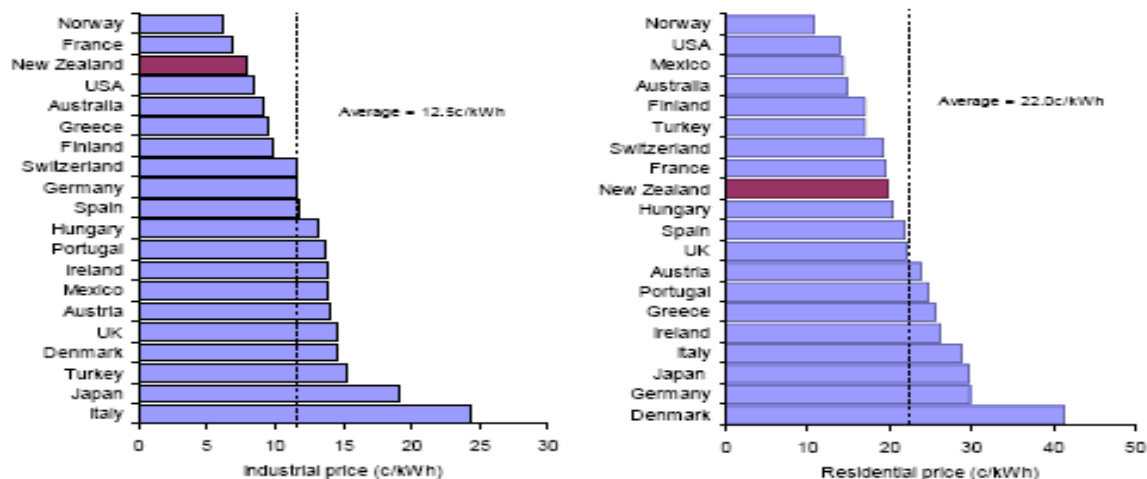
Electricity demand and retail prices

- Electricity demand has been growing at ~ 2% p.a. over the last 10 years, with the majority of that growth coming from commercial demand
- Residential demand growing despite price increases which have averaged 4.5% p.a. over the last 10 years
- The effects of energy efficiency are difficult to predict although the prevailing view is that domestic consumers will reallocate savings into alternative forms of consumption
- New Zealand retail prices has been historically low and despite regular increases in the last few years remain in the bottom half of OECD countries.



Drivers of the long-run price path

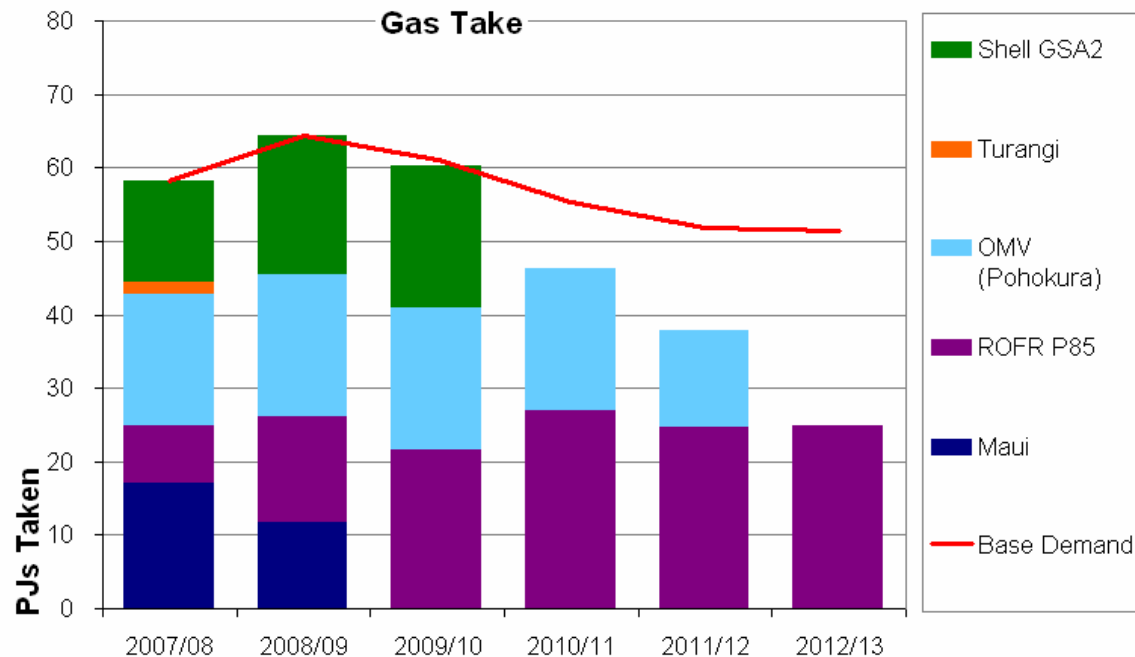
- Over the longer term it is assumed that prices will tend towards the LRMC of the next most efficient plant
- At a carbon pricing of \$20/ tonne, CCGTs and wind appear to be equivalently priced, in the \$80 - \$95/MWh range
- A \$20/Tonne carbon charge would increase wholesale prices by around 10% or \$7/MWh
- If LNG gas prices of \$10 GJ are factored in then wind becomes clearly a better strategic bet for New Zealand
- Geothermal is economic with projects between \$45-\$65/MWh
- New Zealand's prices are not high by international standards



Source: Ministry of Economic Development, Energy Data File (2005 Data)

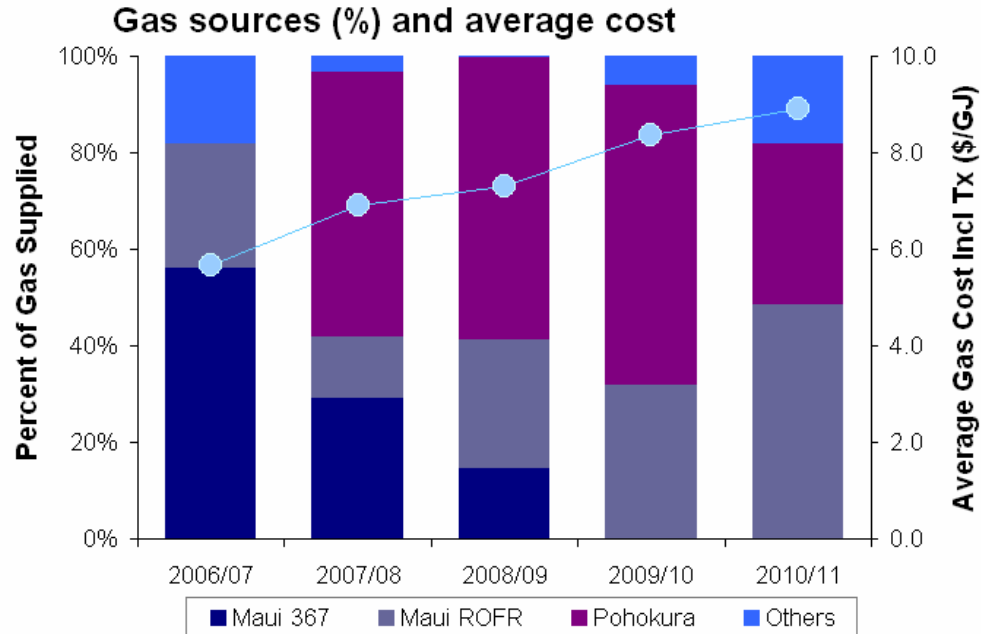
Gas supply over the long term is influenced by decisions on generation options

- Over the long term the value of access to fuel will be significant given the relative scarcity of developed gas reserves in New Zealand
- It seems likely that gas can be secured at least to 2015
- Key issue remains dealing with inflexibility. Possible strategies include:
 - Reservoir options (natural and mechanical storage)
 - Access to gas reserves
 - Gas-to-liquids options



Fuel outlook

- This illustrates sources and expected average cost of Contact's gas based on mean hydro generation over the period to 2010/11
- In the 2007/8 financial year total average gas costs are expected to rise a further 20% (approx) as Contact increases its gas take from the Pohokura field with the commencement of purchases from Shell
- During the period an additional 60PJ was confirmed as P85 Maui ROFR; however there has been no significant change to New Zealand's aggregate supply position
- Contact continues to work on options for augmenting supply for the period post 2010, and on developing an LNG backstop



Contact has an LNG back up plan

- Consents for an LNG importation plant – Gasbridge - are being sought in New Plymouth
- The plant is a joint venture with Genesis Energy



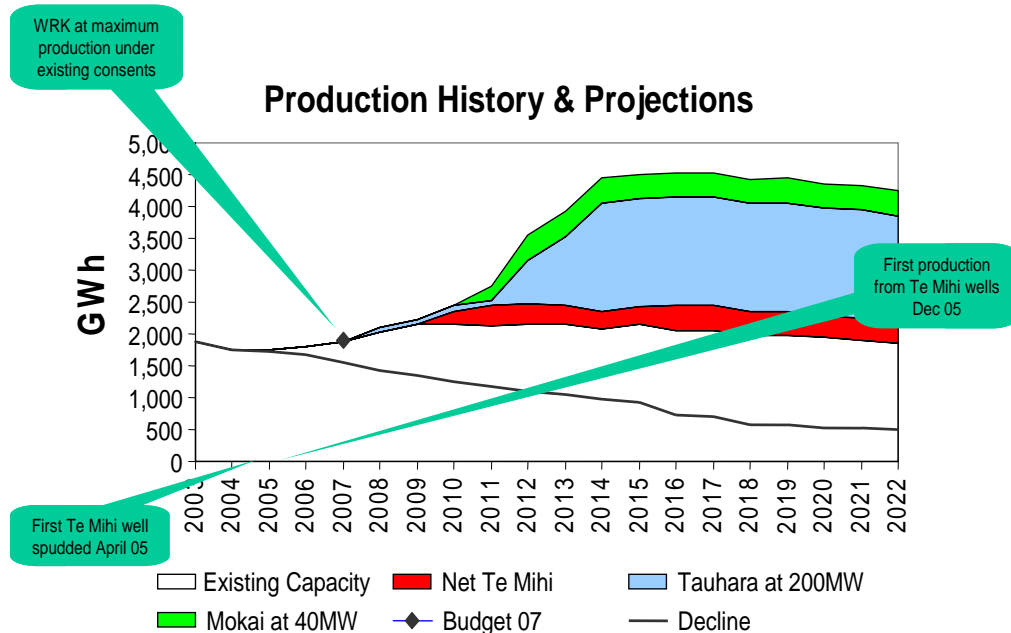
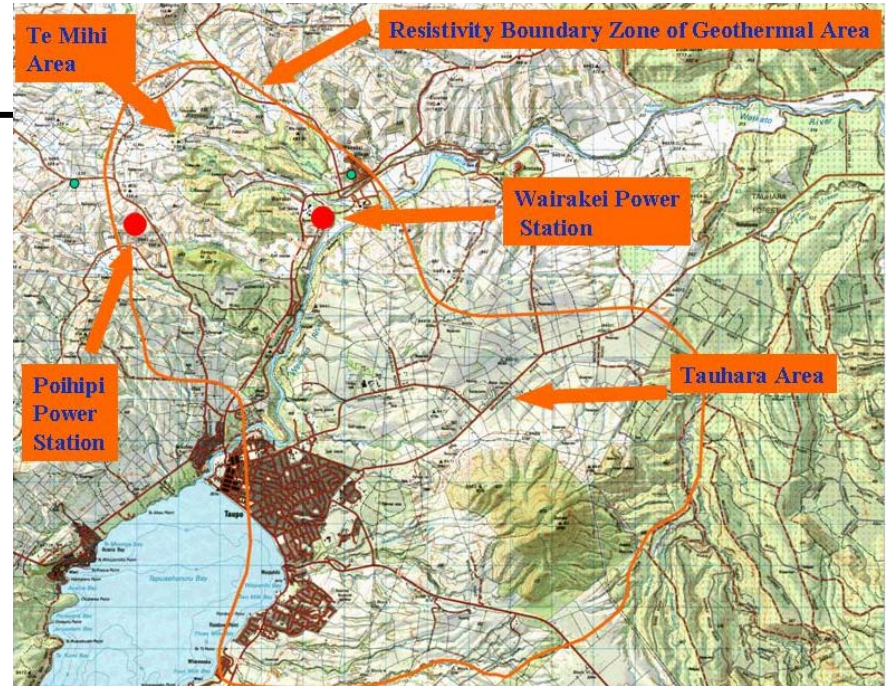
- No decision has been made on LNG. Contact's strategy is to develop renewables so as to avoid the need for LNG. Consenting the site is therefore an insurance policy should renewables and domestic gas finds not be sufficient to ensure security of supply

Contact's future environment and opportunities...



Progress on geothermal development

- Consents have now been granted which enable operation of the existing plant at Wairakei until 2026
- This will enable operation at Poihipi to increase from 30MW to 55MW during the remainder of this calendar year
- Application for additional consents required to enable the replacement of Wairakei with a new plant (Te Mihi) has been lodged
- Tender documents have been issued with the plant expected to be available by 2011 (provided the consents are granted by June 2008)
- Design and development are underway for the Tauhara project with consent applications expected to be lodged in mid 2008 and the plant expected to be on line during 2012



Progress on Contact's wind and hydro options

Wind

- Contact now controls four wind generation sites with a total capacity of in the range of 700 – 950MW
- All sites have been extensively monitored and indicate high quality wind resources
- Pleasing progress has been made with two priority sites on key consenting issues including turbine location, noise and visual effects, local iwi issues and connection to the grid
- Contact expects to lodge resource consents for the two sites by the end of 2007 and to make a detailed announcement in the next few months

Hydro

- In June 2007, Contact received consents to build a 17MW hydro generating plant within the existing Hawea dam.
- Contact is in the process of reassessing the economics. If the project meets hurdle expectations, construction could commence in late 2008

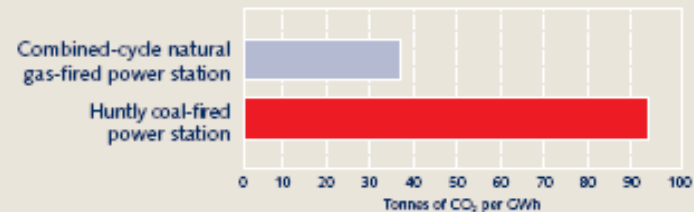


New generation – CCGT

- Otahuhu C has been a key generation option for some years and is the best site in New Zealand for a new CCGT
- In response to the Government's Energy Strategy Contact continues to defer the Otahuhu C development and accelerate Contact's renewable options
- However given it is a consented site, the option can be readily exercised if the support required to enable swift consenting of Te Mihi and Tauhara does not eventuate

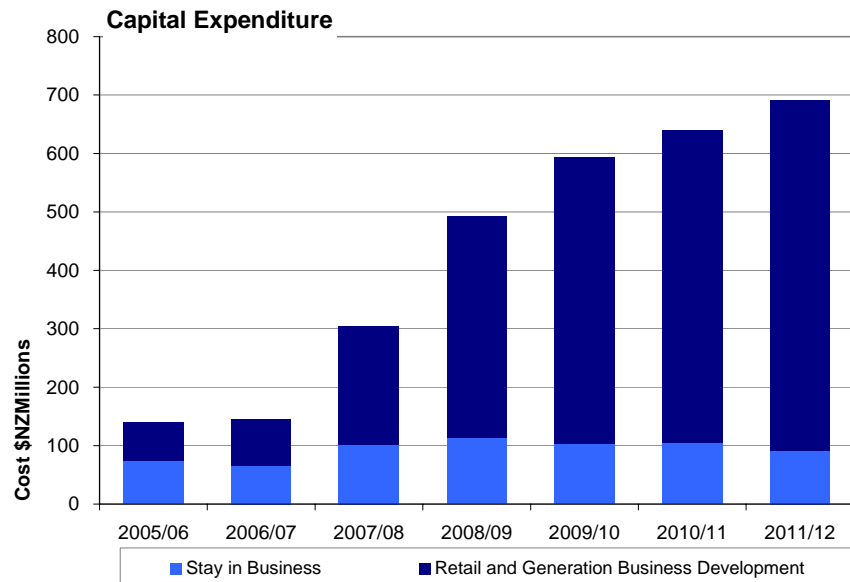


FIGURE 3: Emissions of carbon dioxide per unit of energy generated for gas versus coal



Capital expenditure and interest expense

- Net interest expense was 7% lower than for the 12 months ended 30 June 2006. This was largely due to Contact earning \$23m of interest income as a consequence of its net cash position during the period (up to 30 April 2007 at which time the Rockgas acquisition was funded)
- Net interest expense is expected to increase approximately 20% in the 2008 financial year as a result of a lower starting cash balance position and repayment of debt which will occur during the financial year. The weighted average cost of funding is also expected to increase
- Contact's net debt as at 30 June 2007 was \$850.1m, 12% higher than the corresponding period last year
- Capital expenditure increased by about 7.6% to \$149.2m in the 2006/7 financial year; of this 44% was stay in business capex with the remainder primarily geothermal development
- Capital expenditure is expected to increase by approximately 80% in this financial year due to generation and retail systems investments
- This programme includes \$2b in renewable generation and some investment in increasing gas capacity



Conclusion

- Contact performed well in 2006/07 despite having to absorb a 20% increase in the average gas cost and a 42% reduction in wholesale prices
- During the financial year Contact secured additional long term gas and make significant progress on new generation options
- Contact now has access to a diversified portfolio of future generation options
- Key areas of focus for the coming year:
 - Retention of, and growth in, Contact's high value customers
 - Further development of renewable options, through lodging consents for wind projects and receiving consents and granting tenders for Te Mihi geothermal development
 - Considering options for securing further gas for the portfolio to augment supply beyond 2010
 - Supporting and contributing to policy development which establishes a carbon pricing regime and supports renewable development ahead of new base load thermal options



CONTACT