To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	27 October 2010
From	Helen Hardy	Pages	40
Subject	**CONTACT ENERGY ANNUAL GENERAL MEETING**		

Attached herewith are copies of announcements released to the NZX by Contact Energy today.

Origin Energy holds 51.92% of quoted ordinary shares in Contact Energy Limited.

Regards

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27 October 2010
Christchurch Convention Centre

Contact on track for restoring portfolio flexibility

At its AGM in Christchurch today Contact Energy paid tribute to the people of Canterbury. In opening the meeting Contact Chairman Grant King and Managing Director David Baldwin acknowledged and honoured the Cantabrians for their spirit and for being an example to all New Zealanders as to how to respond to a major emergency.

Mr Baldwin said he had seen the toll that the earthquake had taken both physically on the environment and infrastructure, and emotionally on the community when he visited shortly after the quake. “It became apparent to me after that visit that we needed to contribute a significant amount to help Christchurch and Canterbury get back on its feet. That is why Contact was pleased to make a $1 million donation to relief effort,” he said.

In his address to the meeting, Mr Baldwin confirmed that while the impacts of portfolio inflexibility in another wet year had hindered Contact’s performance in the financial year to 30 June 2010, enhancements to the portfolio through a reduction in gas take or pay volumes and completion of two major new assets will restore significant flexibility back into the portfolio from 2011.

The first new asset is the $170 million Ahuroa gas storage facility which will provide a reservoir for Contact to store gas during periods in which the gas is not needed, such as in summer during periods of low electricity demand, when the wind is blowing strongly or during a wet winter. This will enable the company to operate its gas-fired power stations only as needed. This will be completed by the end of the calendar year to enable extraction of gas from early 2011.

The second major asset is the $250 million Stratford peaking plant – a fast-start gas fired power station which will balance weather-dependent renewables such as wind and hydro, and add to supply during periods of peak electricity demand. These units can start-up in about 10 minutes – adding a significant amount of flexible generation to Contact’s portfolio. The Stratford plant is currently in commissioning and will be operational by the end of 2010.

Mr Baldwin said Contact foresaw the portfolio inflexibility challenge and implemented a strategy to address it four years ago. “We initiated these projects in 2007 and, as a result, from January 2011 the business will be much better placed to deliver trend earnings in both wet and dry years.”

Contact Chairman Grant King said that the current financial year would be a year of two halves, with continuing high levels of take-or-pay gas and high hydro inflows likely to result in the first half being broadly similar to the second half of the 2010 financial year, but that that the second half was expected to benefit from increased operational flexibility as the Ahuroa gas storage facility and Stratford peaker plant were brought in to commercial operation.

Mr King also paid tribute to retiring Director John Milne (a founding director of Contact), and thanked him for his contribution and commitment to the company and its people over more than 15 years of service. “Following the split up of ECNZ, John’s skills contributed greatly to bringing the relevant assets together and to ensuring the company could operate as a successful business. John has been integral to a range of significant achievements and processes, and his status as a senior independent director has stood the company in good stead through the years," he said.

Janet Carson
021 2425723

27 October 2010
Christchurch Convention Centre

Speech to Contact Energy 2010 AGM
Grant King, Chairman

Ladies and gentleman, thank you for joining us today, for Contact's Annual General Meeting.

I would like to begin by acknowledging the community of Canterbury who have welcomed us so warmly today despite what you have been through with the earthquake and subsequent aftershocks.

I can only but imagine the fear when you were woken early on Saturday the fourth of September to such a huge earthquake, and the ongoing anxiety as substantial aftershocks continued for days afterward.

Your resilience and the recovery effort that is underway is a tribute to all Cantabrians. Contact has also been actively supporting the region and Contact customers since the quake. And I would like to thank Contact staff here in Christchurch for their work and commitment. I am aware that although many of their homes had been damaged, and their children's schools closed, company staff were ready to put their own issues aside to contribute to the bigger recovery effort.

It is encouraging to see the rebuilding that is underway but I appreciate there is much more ahead and I want to wish you all the best as you continue this task.

Portfolio challenged by weather

The financial year ending 30 June 2010 was not without its challenges for Contact. The company's EBITDAF was down 4 per cent from the previous year, and Underlying Earnings after Tax for the year decreased by 6 per cent. While the year was difficult, Contact has demonstrated yet again, that as a company it is agile, responsive and well poised for the future.

For the financial year ending 30 June 2010, weather combined with an excess of thermal fuel was the major influence on financial performance. It was a wet year, which can be difficult for Contact to manage as the business is currently configured. The higher than normal rainfall, resulted in higher levels of hydro generation at the time when Contact was contracted to take, or pay for, relatively high volumes of gas. This excess of energy resulted in very low wholesale prices and also stimulated increased retail competition, and constrained the ability of the business to pass through increased costs to customers. David Baldwin will talk in more detail about this challenge, and the steps the company has taken to improve performance in wet years.

However, despite the impacts of portfolio inflexibility in another wet year, the year was very successful in a number of other ways such as:

- the completion of the Te Huka power station – under budget and ahead of schedule;
- significant progress was made on the next stage of Contact's geothermal developments;
- the Stratford gas peaking plant and Ahuroa gas storage were advanced and both will be completed shortly; and
- the retail team performed extremely well with total customer numbers maintained at a time when customer switching was at the highest it has ever been.

David will discuss the operational performance in greater detail in his address.

Distribution to shareholders

The Contact Board of Directors resolved that the final distribution to shareholders would be the equivalent of 14.0 cents per share, resulting in a total distribution for the year of 25.0 cents per share per year, a reduction of 3.0 cents from the prior financial year, but representing a payout ratio of 100 per cent of Contact's underlying earnings per share.

Once again distributions were offered in the form of non-taxable bonus shares, with the option of having Contact buy them back for cash. Since the plan was introduced in March 2009 we have seen a high level of support from shareholders – with over 80 per cent of shareholders retaining shares in the latest election and nearly $240 million being retained for reinvestment in the business over the past four distributions.

The high level of share uptake is evident of the investor confidence in Contact's business and future prospects.

The company remains conservatively geared, with a net debt to net debt plus equity ratio at the end of the financial year of 32 per cent. The operating cash flow for the financial year ended 30 June 2010 was $368 million – while this was $56 million lower than in the prior financial year as a result of the weather conditions, it represents a strong basis from which to fund the ongoing growth in the business. Your company remains in good financial health and well positioned for the future.

Board Changes

There have been two changes to the Board over the year in review. John Milne, one of Contact's founding directors retired from the Board after 15 years of service. And in March of this year, Whaimutu Dewes joined the Board as an independent director.

Whaimutu is offering himself for election today, so you will hear more about Whaimutu later this morning.

I would like to take some time to acknowledge John's retirement and most of all his contribution to the company over his fifteen years with us. John has been integral to a range of significant processes and achievements and his status as a senior independent director has stood the company in good stead through the years.

John has served the company from the time it was created as a state-owned enterprise in 1995 and over that time has made a tremendous contribution to the Contact's continued success and development.

Following the split up of ECNZ, John's skills contributed greatly to bringing the relevant assets together and to ensuring the company could operate as a successful business.

On behalf of the Board I thank John for his contribution and commitment to the company, and wish him well for his future endeavours. John is here today and I am sure many of you will want to wish him well and you will be able to do that over refreshments at the end of the meeting. I would also like to thank my fellow directors for their ongoing contribution during the year.

Outlook

Looking ahead, the 2011 financial year will be a year of two halves. Continuing high hydro inflows – which is resulting in surplus take-or-pay gas and very low wholesale electricity prices - is likely to result in Contact's first half performance being broadly similar to the second half of the 2010 financial year.

EBITDAF in the second half of the 2011 financial year is expected to benefit from the initiatives Contact has taken to increase the flexibility of the portfolio, with the Ahuroa gas storage and Stratford peaker plant in commercial operation, and with take-or-pay gas levels reducing by around 25% from January next year.

With the portfolio well on its way to restoring flexibility, geothermal development will become Contact's priority generation investment, and already Contact has some very attractive geothermal opportunities in progress.

In concluding, I would like to take the opportunity to thank David and his team for their efforts in responding to the challenges of 2010. I would now like to hand over to Managing Director David Baldwin for his address.

Thank you.

ENDS

27 October 2010
Christchurch Convention Centre

Speech to Contact Energy 2010 AGM
David Baldwin, Managing Director

Good morning

Thank you Grant, and may I extend my own welcome to you all.

Before I introduce the Leadership team I would like to pay tribute to the people of Canterbury.

While I didn't feel the 4 September quake – I have experienced a 7+ earthquake when we were living in the Philippines – which woke us early one morning at our home – which was 42 floors up in an apartment building. So I can well understand the fear and panic that surely gripped the Canterbury region on the morning of September 4th.

While the media relayed to the rest of New Zealand, and the world, images and stories of the Canterbury quake's devastation, what stood out for me was how quickly the community pulled together to help each other out. I saw this first hand shortly after the quake – when I was out on the roads with our LPG cylinder delivery drivers. It was the spirit of community that came to the fore – virtually immediately – which then multiplied over the days and weeks that have followed – and this to me was the signature of the earthquake – people in need – putting others first.

The Board met with Mayor Bob Parker yesterday, where he thanked Contact for its contribution to earthquake relief. On behalf of all Contact staff, I shared with Mayor Parker, how amazed and inspired we are by the way Cantabrians – with the support of the whole country – continue to respond to the impacts of the earthquake – and the aftershocks.

I saw firsthand the toll that the earthquake had taken both physically on the environment and infrastructure and emotionally on the community when I visited Christchurch shortly after the quake. Following that visit it became apparent to me that as a major New Zealand company, we needed to step up to help Christchurch and Canterbury get back on its feet. The one million dollars Contact pledged to the relief effort was part of that stepping up. It was a significant financial decision but it was the right thing to do.

One of the other things Contact quickly decided was to defer a scheduled 1 October price rise. We had advertised the price rise the week before the quake – and it was primarily to pass through increased network and energy costs to customers who had not had any price increases for 18 months – however we knew that deferring the increase was the right thing to do.

We are also pleased to have made the decision early on to keep the AGM here in Christchurch. As Mayor Parker has said, what Christchurch needs now is for people to realize that it's back in business. Events, such as this AGM, are a source of value for any city, so we are happy to be here today.

These are still trying times for this region and our thoughts and prayers continue to be with you.

Leadership team

I will talk soon about the 2010 financial results, but before I do let me introduce the Contact Leadership Team.

- First of all, seated up here is Steve Bielby, Contact's General Counsel and Company Secretary.

- Andy Williams is Contact's General Manager of Enterprise Transformation.

- Annika Streefland is Contact's General Manager of People and Culture.

- Graham Cockroft is Contact's Chief Operating Officer.

- Ruth Bound is Contact’s General Manager of Retail.

- Luc Hennekens is Contact’s Chief Information Officer.

- Mark Elliott is Contact’s Chief Financial Officer.

- Liz Kelly is Contact’s General Manager, Development and Acquisitions.

- Dean Stebbing is Contact’s Kaawai Rautaki and is responsible for helping us build our strategic partnerships with iwi across all aspects of the business.

At the conclusion of this meeting, I hope you will introduce yourselves to the members of Contact’s leadership team. I encourage you to take the opportunity to enjoy a cup of tea and to share with us any thoughts you have about the company and its direction.

The year in review

I know you will have questions regarding this year’s result. Why did profits fall; and what’s being done about it?

The result reflects two issues – which we recognised some years ago could – and did – coincide to result in under-performance: portfolio inflexibility and high levels of hydro inflows.

The 2010 financial year had higher than normal rainfall resulting in lower wholesale electricity prices, and this occurred at a time when Contact’s portfolio was least able to manage those conditions.

So to begin I would like to talk a little about the role of gas in the New Zealand electricity market and the impact our gas contracts have had over the last couple of years.

Gas contracts and the loss of flexibility

The majority of New Zealand’s electricity generation depends on weather – mainly South Island hydro. In dry years – or periods of peak demand, thermal power stations – such as this Contact gas-fired power station in the Taranaki – are called upon to maintain security of supply.

In simple terms thermal stations – like Contact's plants in Taranaki and Auckland – need to fill in the gap between what renewables – such as hydro, geothermal and wind – can produce – and what the country needs at any moment in time. And – as this illustration depicts – that gap can vary considerably between a wet and dry year.

Up until 2006, highly flexible Maui gas supply contracts enabled Contact to respond to this varying gas requirement by reducing generation from its gas-fired stations during wet periods and increasing gas-fired generation during dry periods. This enabled Contact to deliver steadily increasing financial performance irrespective of weather.

From 2007, our Maui gas contracts came to an end and were replaced with significantly more expensive and highly inflexible gas supply arrangements. Known as "take or pay" contracts, we have to take, or pay for, a certain amount of gas each year regardless of whether we use it.

During wet years – such as in 2009 and 2010 - we were required to pay for gas that we didn't need – because of the high levels of hydro generation – which led to the recent below-trend financial performance.

We knew this challenge was coming and, in 2007, we implemented a strategy to address it. As I will explain shortly, Contact's new gas storage facility will enable us to use gas only when we need to, and our new gas-fired peaking power station will provide a source of flexible generation which can operate when the market needs, but be turned off when it is not required. As a result of these initiatives, from January 2011 the business will be much better placed to deliver trend earnings in both wet years and dry years.

Restoring flexibility

I will now explain a little more about the Ahuroa gas storage project.

The Ahuroa gas storage facility consists of a near depleted gas reservoir, to which Origin, as a service provider to Contact, has added additional wells and compressors. This enables us to inject gas into the reservoir during periods in which we don't need it, such as in summer when demand for electricity is low, or when the wind is blowing strongly or during a wet winter. When demand is higher or there is less water in the lakes, we will then extract the gas from the reservoir and use it in our gas-fired power stations.

The ability to inject and extract gas will enable us to operate our gas-fired power stations as they are required in the market. The first phase of the Ahuroa storage project is on track to be in operation early next year.

The second major initiative which will add important flexibility into Contact's portfolio is the $250 million Stratford peaking project – a fast-start gas fired power station which will add to New Zealand's security of supply by balancing weather-dependent renewables such as wind and hydro, and adding to supply during periods of peak electricity demand. For example there are periods when we would like to operate a gas plant for just a couple of hours. The large gas plants we currently operate are not well suited to this kind of intermittent operation. The peakers we are building will be able to start-up in about 10 minutes, and are therefore well suited to operating in this manner.

The Stratford peaker project is currently in commissioning and will be in operation by the end of this year.

Looking further into the future, New Zealand will continue to need new sources of electricity generation to meet growing demand.

Contact's strategy for growth remains focussed on pursuing a range of options across the major fuel types – gas, geothermal, wind and hydro – that we can execute at the right time to meet demand.

I am very proud of the team which was responsible for developing, constructing – and bringing the $100 million Te Huka geothermal plant into commercial operation in May 2010, under budget, ahead of schedule and exceeding planned output.

We celebrated the launch with the unveiling of a pou, Te Huka, a sculpture and guardian carved by Ngati Tuwharetoa master carver Delani Brown. Our success as a company relies on the support of communities. So being able to give back to these communities is really important.

Delani also carved the waharoa, a nine metre high entranceway, which we gifted to the Taupo community late last year to celebrate 50 years of geothermal energy generation from the Wairakei power station. The waharoa provides a symbolic new landmark for Taupo and, we hope, a tangible link between Contact and all local community interests.

Still on geothermal, the Contact team is continuing to progress the development of the Te Mihi geothermal project, having obtained final resource consents in 2008.

The Company is also progressing resource consents for the 250 megawatt Tauhara 2 geothermal project through the Environmental Protection Authority. The Tauhara 2 consent application was lodged in February this year and a decision on the application is due in early 2011. One of the positive aspects of this consent process was the engagement and relationship Contact is building with tangata whenua in and around the Tauhara geothermal resource.

Another accomplishment during the financial year was the Taheke 8C and Adjoining Blocks Incorporation selecting Contact to be its joint development partner for the Taheke geothermal project. We are excited about this partnership – and to be exploring for new geothermal resources beyond our existing areas.

While geothermal is our priority investment, new hydro and wind power stations will also feature in New Zealand's energy future. To this end we are continuing to engage with community groups on potential hydro projects on the Clutha River – and we are seeking consents for two wind farms in the North Island.

New Zealand is blessed with terrific renewable energy resources; resources that position our country well in an otherwise energy constrained future. The sustainable development of these resources is central to Contact's plans for growth – whether it's about respecting the mana of the tangata whenua – or developing projects in a way that minimises the impact on the environment by maintaining biodiversity for example – our goal is to have future generations look back on the decisions we've made and say – what they did was good – in the same way that I reflect on those who made incredibly courageous decisions to develop New Zealand's renewable energy resources more than 50 years ago.

I am excited about the outlook for the business – and how it's positioned to grow. During this financial year, the Stratford peakers and the gas storage project will reach commercial operation, and I'm cautiously optimistic about the outcome of the consent processes for our new geothermal, wind and gas generation developments. These initiatives underpin Contact's future growth for the next decade and security of supply for the country.

Looking at our retail business, we have continued to work hard over the year to strengthen our relationships with customers.

Competition in the residential market has continued to intensify with the number of customers switching retailers increasing from an average of 20,000 per month in July 2009 to about 30,000 per month currently.

In spite of these challenges, Contact grew its larger commercial and industrial customer volumes during the year by 7 per cent – while maintaining residential customer numbers.

Health and safety

As I said at last year's AGM, safety is Contact's highest priority and during the 2010 financial year Contact invested in systems and training to foster the company's safety culture in order to progress toward our aspiration of zero harm.

We made good progress in our health and safety performance across the year in review – reducing the total recordable injury frequency rate for staff and contractors by 25 per cent. And the goals we've set for ourselves for the year ahead will take us another step closer toward our zero harm aspiration.

Conclusion

In conclusion, it has been a challenging year for Contact, but we have addressed the challenges head on - and prevailed in the areas over which we have control. We have continued to adapt while building solid foundations for the company's future growth - and I feel privileged to be a part of the Contact story.

I thank you for joining us here today and look forward to meeting as many of you as possible later this morning.

Thank you.

ENDS

Annual Meeting 2010

Managing Director's address

Wednesday, 27 October 2010

Canterbury's response is an inspiration and an example to us all

…Contact has delayed a price rise for Christchurch customers

Power companies hold prices down

Paul Gorman

Many Christchurch and central Canterbury householders will get a break from rising electricity prices as a result of last month's earthquake.

State-owned Meridian has extended its price freeze until the end of March, while stock exchange-listed generator and retailer Contact has delayed a price rise for Christchurch customers until December at the earliest.

Meridian retail general manager Bill Highet said continuing the freeze was the main way the company could help customers affected by the quake.

"We're taking a hit from it. Extending that for another six months wasn't a decision taken lightly," he said. "It's been 18 months since we put up the prices. When we do go to put them up, no-one will remember it's two years since we last did it."

Contact's "two-year price promise" had been due to end last month, spokesman Jeremy Seed said.

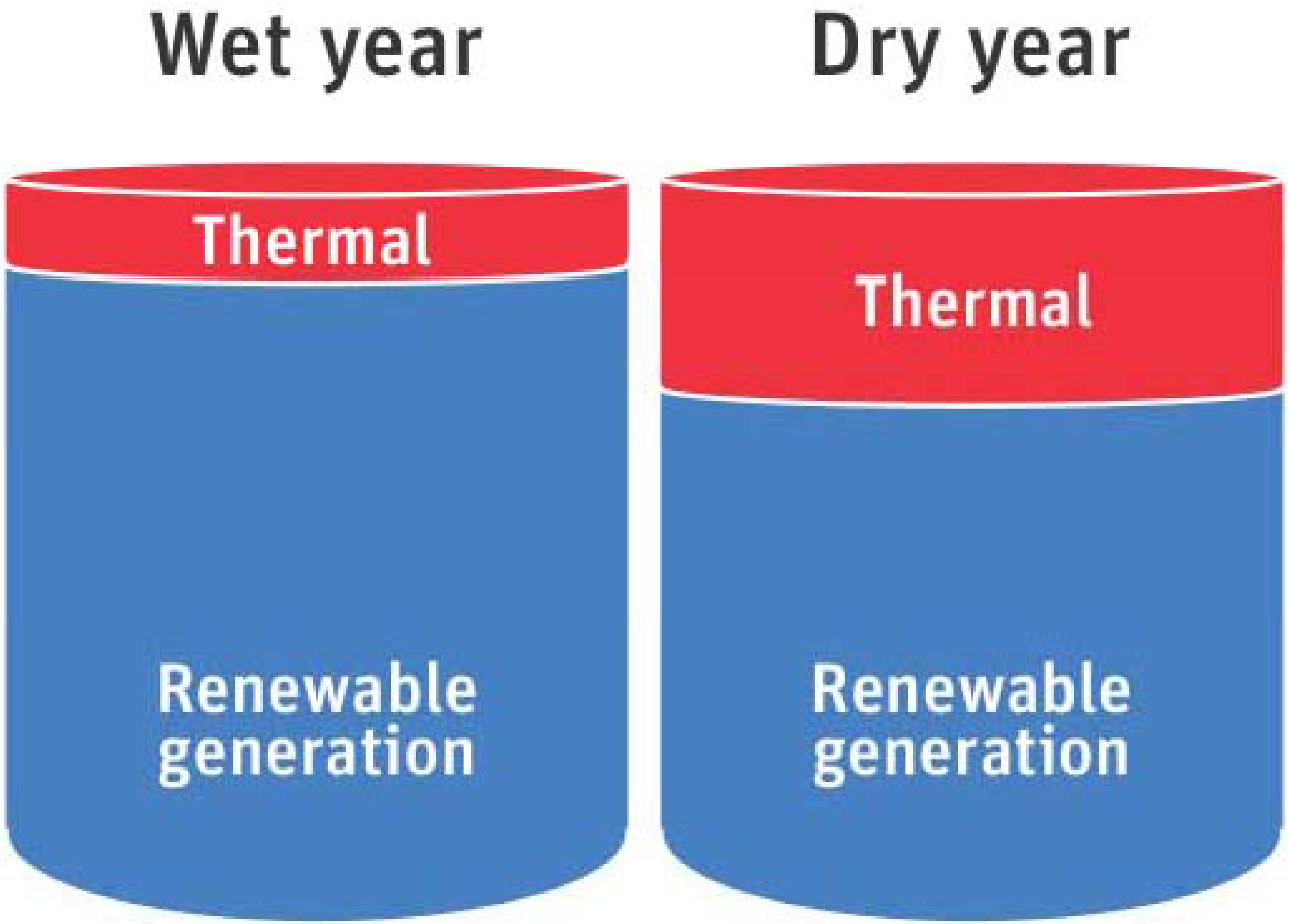
"A price increase had been programmed for Christchurch customers, scheduled to take effect from October 1, and had already been advised in newspaper advertising when the quake struck," he said. "This increase has been suspended until at least December 1."

Mercury Energy would not review prices until April 1, said spokeswoman Katherine Litten.

contact™

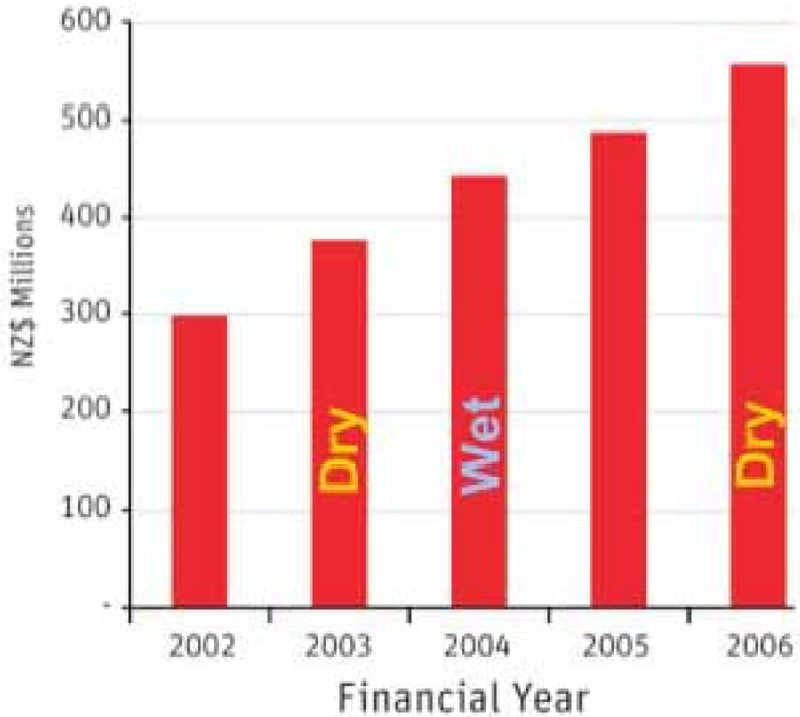
Thermal generation balances weather-dependent renewables (hydro & wind)

The amount of thermal generation depends on the amount of rainfall

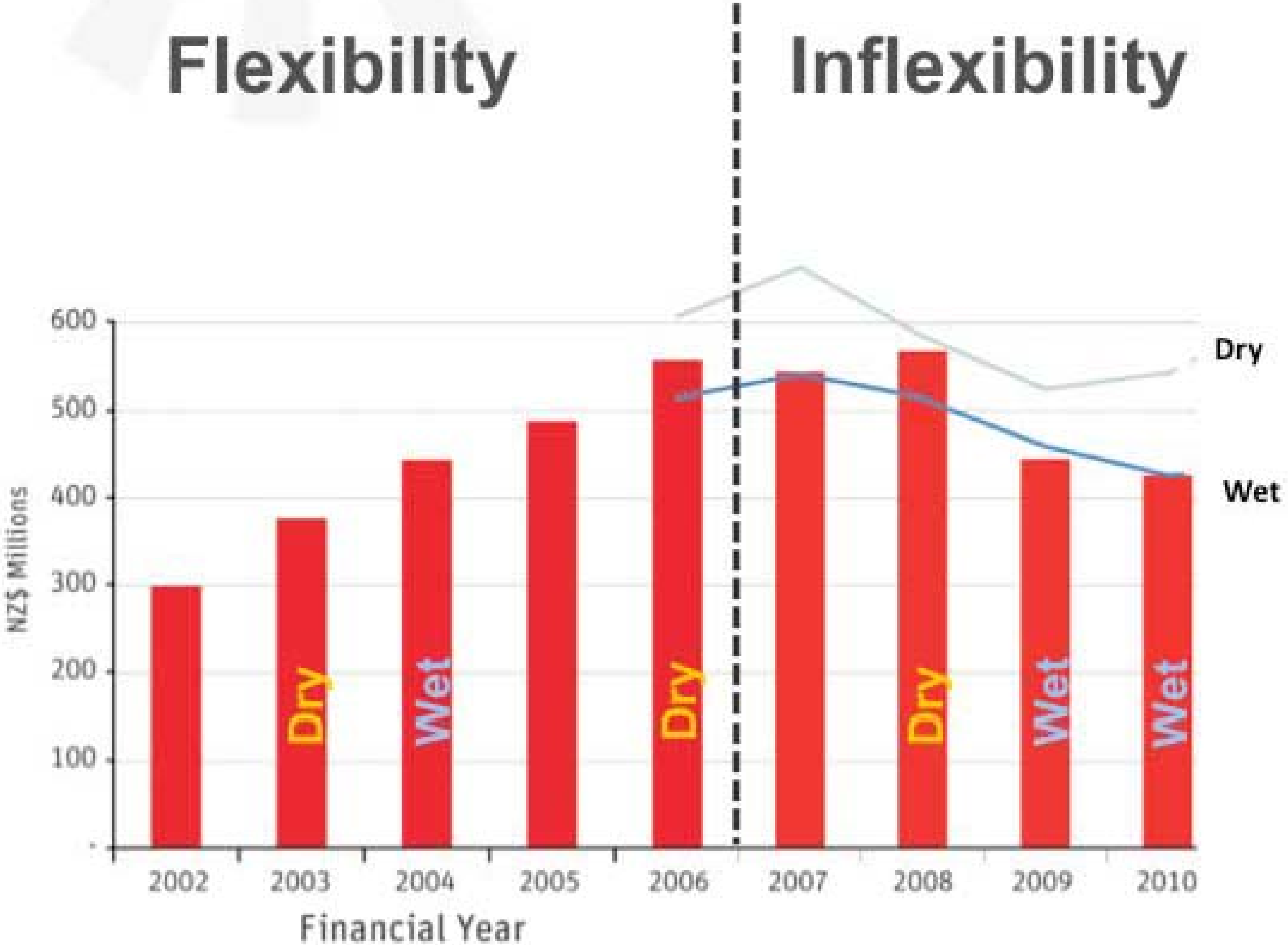


Pre-2006, Contact had portfolio flexibility

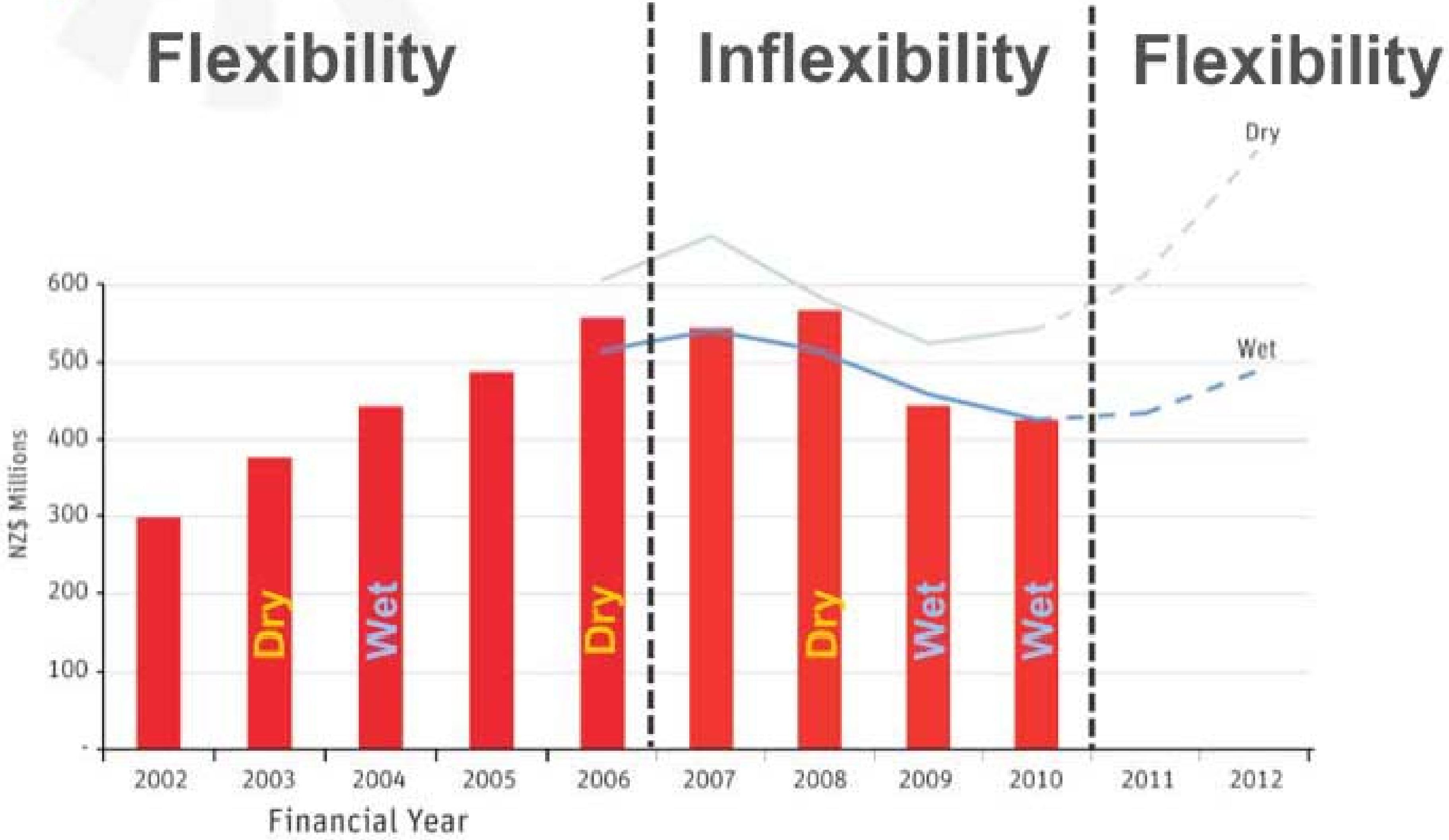
Flexibility



Inflexible take-or-pay gas contracts



Projects to restore flexibility will be operational in 2011



Ahuroa gas storage project

$170 million to develop New Zealand's first underground gas storage facility

Stratford peaking project
– a fast-start power station

$250 million to provide generation during periods of peak demand or low hydro

New Zealand's future generation options

Te Huka geothermal plant

Commenced commercial operation in May, under budget and ahead of schedule

Te Huka geothermal plant

The opening was marked with the unveiling of a pou Te Huka, a sculpture and guardian

The waharoa

Gifted by Contact to the Taupo community

Te Mihi project

220 MW geothermal
Consented and in development

Tauhara 2 geothermal project

The first project in NZ to progress through the new EPA consent process

Taheke 8C – new frontiers

Selected Contact to be its partner to develop a new geothermal resource

NZ's energy future will likely include new hydro

Contact is well positioned for growth

ET
Enterprise Transformation


"Contact has just been so helpful and easy to deal with"

25% improvement in safety

A bright future

contact™