

Good morning.

It's a pleasure to see you and speak to you today. This morning, I'll summarize our recent results and our future prospects in some brief remarks. Then we'll show you a video on the Lyonsdale biomass project and the Cornhusker ethanol project, before concluding the business of today's meeting. Of course I will be pleased to answer your questions before we adjourn. As I said in my letter to shareholders, 2006 was a challenging year for CH Energy Group as an energy delivery company.

For almost 18 years, from about 1986 until 2004, energy prices were not an issue in most people's minds. After a rough patch from 1973-1985, energy seemed to once again be plentiful and affordable, and we consumed more and more of it. We bought larger homes, and SUVs, and enjoyed all of the new technology, like personal computers and plasma TV's. Central air conditioners became standard in new homes. But beginning in late 2004, and continuing into 2005 and 2006, the price of the electricity, natural gas, fuel oil, and propane we deliver rose – and got our customers' attention; 18 years of latent energy conservation began to emerge, seemingly all at once. Our sales per customer fell, on a weather adjusted basis, for all of our major products for the first time in many years.

And perhaps as important as the price environment, the political environment has changed as well. Consensus seems to be emerging that improved energy efficiency is a necessary and important part of the solution to global warming and our country's excessive reliance on energy imported from unstable parts of the world.

Despite the fact that our Earnings Per Share were lower in 2006 than in 2005, \$2.73 vs. \$2.81, I'm proud of the job our company did in 2006.

We had much less favorable weather: Fewer heating degree days and cooling degree days reduced earnings per share by 38 cents year over year, and we had more storms that caused us to incur \$2.5 million – 10 cents – more in service restoration costs than in 2005. The customer conservation I mentioned earlier further reduced our energy deliveries.

But we did a good job managing expenses, and our customer base grew across all major product lines. We negotiated a three-year rate settlement that recovers previously deferred costs of service and projected increases in our costs through June 2009. Importantly, it provides revenue support for needed investments in our utility infrastructure - to serve more customers and a higher peak load as well as replace aging equipment before it fails. We experienced a very high electric peak demand in August during the hottest weather we've ever recorded here in Poughkeepsie, and our system performed well. Some of our neighboring utilities experienced significant operating problems during the heat wave, so I was pleased that our system was well designed and maintained to get through this extreme period.

In a very positive development, we saw for the first time a significant contribution to Earnings Per Share from our renewable energy portfolio - 13 cents per share in total. We added our third renewable energy investment, in the Lyonsdale biomass plant, which will be one of the subjects of this year's video in just a few minutes. All in all, I was satisfied with our results in 2006, even though earnings per share were down 3%.

In the remainder of my presentation, I'll be discussing some of our thoughts about the future and I may be making what the lawyers call "forward looking statements." As I know you appreciate, actual results can differ materially from what we now project and strive to attain. You can readily obtain information concerning important factors that could cause our results to differ materially by reviewing the "Risk Factors" section and the "Forward Looking Statements" section of our Form 10-K filed with the SEC and available online.

I'd like to now comment on our outlook for 2007:

On February 14, we announced earnings guidance for 2007, indicating we believed our earnings would probably be lower in 2007 than in 2006. One factor in thinking this – at the time – was the effect of the extremely warm winter weather we experienced in December and January, which depressed sales of natural gas and fuel oil, in particular.

I'm pleased to say that the weather pattern changed dramatically, and we no longer expect a negative effect on earnings from the mild winter. Later this week, we will adjust our earnings guidance accordingly. I now believe 2007 EPS will come in close to the 2006 level, despite the effect of a lower allowed return on equity at Central Hudson and fewer one-time and unusual contributions to earnings than we had in 2006. More hopefully, I already see sources of earnings:

Already I see sources of earnings growth for 2008. They include three recent acquisitions by Griffith, which increased its customer base by 17% and which we expect to be fully accretive to earnings in 2008. We expect greater profitability from our Lyonsdale biomass plant, as we receive revenue from NYSERDA for providing renewable energy. And I expect increasing earnings from Central Hudson as its rate base and customer base grows and as the three year rate increase continues to phase in.

As I entered 2007, my third year as Chairman and CEO, I asked myself how I can lead our organization to reach its full potential. I'm very proud of our organization. It is made up of very skilled, committed, hard working people. They have overcome many challenges and obstacles, and have proved their mettle. They do a fine job giving our customers reasonably priced, reliable and courteous service. They work together as a team and genuinely want to serve our shareholders and customers. All they need is clear goals and objectives to bring out their best.

I decided that the first step would be to look at the future of our Company from the viewpoint of our key stakeholders, and then define success as those stakeholders would define it. It started with our most important stakeholder, you – our shareholders, but also looked at the question as a customer, regulator, or local government official might.

Meeting the needs and expectations of each stakeholder defines success. If we can meet or exceed them all, that would define excellence.

There is an old adage that what gets measured gets done, and I've found that there is a lot of truth in it. I believe serious people set goals and measure progress toward those goals. I also believe that you have the right to expect accountability from your management team. So we have developed goals which we have set down in writing, and against which we will report our progress to you, our shareholders, and to our other constituencies.

These goals called our "Measures of Success" were included in our Annual Report. I've discussed them in detail with our management team to get their input and achieve the buy-in that is so critical to executing a strategic plan.

In developing our goals, I've selected a five-year horizon. Given the length of the investment planning, construction and regulatory cycles we deal with, it takes a minimum of two to three years to accomplish major projects and objectives, so five years seemed to be the right timeframe. I would also note up front that some of these goals may appear to be in opposition to each other.

While often there can be tension between competing priorities, the challenge of leadership is to find the right balance, so that given the limited resources of time and money we achieve the best overall result, on a sustainable basis. We don't want to sacrifice the long-term potential of our business to produce short-term results.

The first, and most important, goal is to increase Earnings Per Share by 5% per year, on average. How will we do this? By investing the remaining cash on our balance sheet, and prudently borrowing against that strong balance sheet to invest in new businesses at higher rates of return; by investing in Central Hudson's electric and gas systems at a regulated rate of return; by acquiring fuel distribution companies at attractive rates of return and integrating them into the Griffith platform; and by increasing our operational efficiency in all of our businesses.

EPS in 2006 were \$2.73. To achieve this goal we will need to earn \$3.48 by 2011. If we achieve this, the 5% EPS growth plus our dividend yield of about 4-1/2% should provide a total return on CHG stock of about 9-10%. We believe this is attractive and competitive in today's low interest rate environment, given the relatively low volatility of our stock vs. the market average.

Our second goal is to increase our dividend by 5%. Central Hudson's three-year, phased-in rate increase, combined with our EPS growth, should put us in a position to begin a trend of periodic increases in our dividend. We appreciate how important the dividend is to most of our shareholders, and we intend to increase it as soon and as much as we can without foregoing future growth opportunities or our financial integrity.

Our third goal is to maintain credibility with the financial community. Access to capital at reasonable terms is critical in our business, and a premium stock valuation, which we have long enjoyed, evidences market confidence in management's honesty and competence. This goal will be measured by: maintaining an investment grade bond rating at the holding company level maintaining a Price-to-Earnings ratio that is above our peer group. To maintain credibility we must invest and operate consistently with our stated strategy.

Our next goal is to maintain a high quality, independent Board of Directors and a reputation for good governance. I believe this is currently one of our fundamental strengths, but continued attention will be necessary to keep it that way.

Next, to maintain our excellent reputation for honesty and competence we must AVOID earnings restatements, shareholder suits, significant investigations, non-compliance with law or regulation, or damaging incidents, and we must respond to unforeseen events in a manner that maintains confidence.

Our next goal is to develop a pool of talented successors to existing leadership, and skilled professionals and craftspeople in all needed disciplines. We will strive to: appoint qualified candidates from within whenever possible, but supplement with new talent and perspective from outside the company from time to time.

Next, we must maintain top-quartile safety performance, as measured against our industry peer group. Employee safety and public safety are critically important for any company, but especially one that delivers potentially dangerous energy products. We are performing well in this critical area but have the potential to do better.

Our next goal is to adapt to higher energy prices and to changing public policy, especially environmental goals and regulations. To do this we must promote energy efficiency and assist our customers in achieving it. In the case of Central Hudson, we must also develop regulatory mechanisms that reward our company for doing so.

I'd now like to share certain key goals of our various business units.

## Central Hudson

Our next goal is to improve electric reliability by reducing service interruptions by 20%. We will do this by employing new tree trimming techniques and upgrading our delivery system.

Next, our goal is that Central Hudson will regain top quartile status in the JD Power Survey of electric utility customer satisfaction in the Eastern US. To do this we must improve reliability, stabilize bills, advise on energy efficiency measures, offer convenient billing options and web-based transactions, and offer the most courteous, responsive service we can.

Next, Central Hudson must maintain effective relationships with regulators and governmental officials in the communities we serve. We will accomplish this by serving our customers well, by being a good corporate citizen, supporting community service organizations, and by communicating openly and honestly.

Next, we must maintain top quartile productivity. We will measure this by comparing our labor expense per customer against our peer group. We will accomplish this through quality and productivity programs, benchmarking against our peers, employee training, continuous improvement of business processes and by employing new technology. We have an excellent track record, and a culture that values productivity.

Next, we need to constrain the growth of costs and liabilities associated with health care and pension benefits. This is a difficult and sensitive task but one that we need to achieve.

## Griffith

Our next goal is to grow Griffith's customer base by 30%. This is a goal that we have actually increased from 20% at the time that our Annual Report to you was printed. We will do this through acquisitions and internal marketing. 30% may seem like a lot, but we've already made great progress in 2007.

I'm an admirer of Warren Buffett, who I think is a very savvy businessman. In this year's letter to shareholders, he talks about Berkshire Hathaway having become the first choice when the time comes to sell the family business. Prospective sellers know that Berkshire is a smart and honorable company that will pay a fair price and treat their customers and employees well. I like to think we've done the same thing with Griffith in the fuel delivery industry. While it is presumptuous to compare ourselves with Berkshire Hathaway, I do think that Griffy the dog is cuter than the Geico gecko. Dogs are warm and fuzzy. Geckos aren't, but they can be witty.

Our next goal is for Griffith to generate \$9 million of annual free cash flow - enough to cover one quarterly dividend to our shareholders each year; this, too, is a goal that we have expanded since the printing of our Annual Report, when it was stated at \$8 million. Strong cash flow from Griffith will also help support dividend increases in the future.

## Renewable Energy Portfolio

Let me know discuss the "Measures of Success" at our Renewable Energy Portfolio.

Next, it is our goal to meet or exceed the profitability we projected for the Community Wind Energy partnership (our wind projects), Lyonsdale (biomass) and Cornhusker Phase I (ethanol) at the time we committed to invest in them.

And our last but far from least goal, we will make new investments in unregulated businesses, including Griffith, renewable energy and new ventures, totaling \$85 million, up from our initial projection of \$75 million, and adding 40 cents per share to our annual EPS, without adding too much volatility to our earnings.

In pursuing these opportunities, we face strong competition, especially in the renewable energy arena, but our experience base gives us a head start.

So, these are the “Measures of Success” by which we will judge ourselves during the next five years. I invite your questions or comments on the goals I’ve outlined. Achieving all of these goals will not be easy. The political and economic landscape is changing and unpredictable and there are risks and pitfalls, but we have the people, we have the money, we have the desire, to get it done! I have every confidence that we will succeed. Thank you for your attention.

Identifying projects that meet the risk-and-reward standards that we’ve set for your investment is not an easy task – but it’s one that we have approached with discipline and executed with confidence given our determination to be a successful competitor in the energy industry. This year’s videotape presentation focuses on two projects with which we are especially pleased: the Lyonsdale and Cornhusker plants. We hope you will agree that they represent the type of projects that add value to your investment in CH Energy Group.

### ***Forward Looking Statements***

Statements included in this news release, including documents incorporated by reference that are not historical in nature, are intended to be, and are hereby identified as, “forward-looking statements” for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by words including “anticipates,” “believes,” “projects,” “intends,” “estimates,” “expects,” “plans,” “assumes,” “seeks,” and similar expressions. Forward-looking statements including, without limitation, those relating to CH Energy Group, Inc. and its subsidiaries’ future business prospects, revenues, proceeds, working capital, liquidity, income and margins, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements, due to several important factors including those identified from time to time in the forward-looking statements. Those factors include, but are not limited to: weather; energy supply and demand; fuel prices; interest rates; potential future acquisitions; developments in the legislative, regulatory and competitive environment; market risks; electric and gas industry restructuring and cost recovery; the ability to obtain adequate and timely rate relief; changes in fuel supply or costs; the success of strategies to satisfy electricity requirements now that Central Hudson’s major electric generation assets have been sold; future market prices for energy, capacity, and ancillary services; the outcome of pending litigation and certain environmental matters, particularly the status of inactive hazardous waste disposal sites and waste site remediation requirements; and certain presently unknown or unforeseen factors, including, but not limited to, acts of terrorism. CH Energy Group, Inc. and its subsidiaries undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Given these uncertainties, undue reliance should not be placed on the forward-looking statements.