

## GLOSSARY

<b>AGM</b>	Annual General Meeting of shareholders of the Company.
<b>Asset-backed trading</b>	The selling of the physical output generated by our power stations.
<b>Availability</b>	A measure giving the proportion of electrical energy that was actually available to be generated during the period, after taking account of both planned and unplanned outages, expressed as a percentage of the maximum potential electrical energy generation.
<b>Bond</b>	Security that obligates the issuing company to make specified payments to the bondholders.
<b>Capacity (installed)</b>	Generator capacity (megawatts), usually indicated on a nameplate physically attached to the generator.
<b>CCGT</b>	Combined cycle gas turbine – the combination of a gas turbine (GT) and steam turbine (ST) in a configuration that enables electricity to be generated directly from a generator driven by the GT and, by using exhaust gases from the GT to produce steam, a ST coupled to the same generator or another generator.
<b>CO<sub>2</sub></b>	Carbon dioxide.
<b>Cogeneration</b>	The simultaneous generation of electricity and heat in the form of steam, typically where the need for both arises for industrial or commercial purposes and where the steam is generated by utilising the waste heat from electricity generation.
<b>Combined Code</b>	The Code which sets out the expected corporate governance standards for companies listed on the London Stock Exchange.
<b>Corridor approach</b>	Under this approach to recognising surpluses and deficits in defined benefit pension plans, actuarial gains and losses are not recognised immediately. Only when the cumulative gains or losses fall outside the corridor is a specified portion recognised in the income statement from the following year onwards. The corridor is 10% of the present value of the pension rights accrued or of the fund assets at market value, if greater.
<b>CR</b>	Corporate responsibility.
<b>Dark spread</b>	The difference between the coal cost to generate electricity and the price at which electricity is sold.
<b>Debt capitalisation</b>	Net debt divided by the sum of the net debt and total equity.
<b>Demerger</b>	The process whereby National Power split its UK and international operations into separate businesses.
<b>Desalination plant</b>	Plant which produces drinking water from sea water.
<b>Emission allowances</b>	Under various environmental schemes, emission allowances are required to cover the amount of relevant emissions made by a power station. Cap and trade schemes are a common type of scheme. Under a cap and trade scheme, operators are required to purchase sufficient emission allowances to cover their actual emissions, and the operator may or may not be granted an initial volume of allowances. Examples of such schemes include the EU Emissions Trading Scheme (EUETS) which covers emissions of CO <sub>2</sub> , based on a cap and trade system. Other examples include the Clean Air Act in the US which covers emissions of NO <sub>x</sub> and SO <sub>x</sub> .
<b>EPS</b>	Earnings per share, calculated by dividing the profit after interest, tax and minority interests by the weighted average number of shares in issue.
<b>FGD</b>	Flue gas desulphurisation – a process which removes sulphur from the flue gas emissions of a coal plant.
<b>Forced outage rate</b>	A measure giving the proportion of electrical energy that was actually unavailable for generation during the period, after taking account of planned and unplanned outages, expressed as a percentage of the maximum potential electrical energy generation.
<b>Form 20-F</b>	An annual filing with the Securities and Exchange Commission (SEC), similar to an annual report and accounts.
<b>Functional currency</b>	The currency of the primary economic environment in which the entity operates.
<b>Gearing</b>	Net debt divided by total equity.
<b>Generator nameplate</b>	The maximum output of a generator, under specific conditions designated by the manufacturer.
<b>Greenfield</b>	Building a power plant on a new undeveloped site.
<b>Hedge contracts</b>	A contract that gives protection against risks of future price movements.
<b>HSE</b>	Health, safety and environment.
<b>HUBCO</b>	The Hub Power Company.
<b>IFRSs</b>	International Financial Reporting Standards.
<b>ISO 14001</b>	The international standard of environment management systems.
<b>JBIC</b>	Japan Bank for International Cooperation.
<b>KAPCO</b>	The Kot Addu Power Company.
<b>KPI</b>	Key performance indicator.
<b>LNG</b>	Liquefied natural gas.
<b>Load factor</b>	The proportion of electricity actually sold, compared with the maximum possible sales of electricity at maximum net capacity.
<b>LTIP</b>	Long-term incentive plan.
<b>Merchant market</b>	A merchant market is a deregulated market.

<b>Merchant plant</b>	Our merchant plants operate in deregulated markets selling power into the traded market without long-term power purchase agreements (PPAs).
<b>Mitsui</b>	Mitsui & Co. of Japan.
<b>MIGD</b>	Millions of imperial gallons per day.
<b>MW</b>	Megawatt; one MW equals 1,000 kilowatts.
<b>MWth</b>	One megawatt of thermal power.
<b>National Allocation Plan</b>	The Plan issued under the EU Emissions Trading Scheme that sets out how greenhouse gas emission allowances will be allocated to affected industry sectors and the carbon-producing assets within the relevant sector.
<b>NOx</b>	Oxides of nitrogen.
<b>Non-recourse debt</b>	Debt secured on an asset, and where the lender has no recourse to the shareholder.
<b>O&amp;M</b>	Operations and maintenance, usually used in the context of operating and maintaining a power station.
<b>OCGT</b>	Open cycle gas turbine – turbines, typically fuelled by gas or diesel oil, are used to drive the generators to produce electricity.
<b>Offtake agreement</b>	Power purchase agreement between a company owning a power station and its customer (the offtaker) whereby the customer takes the electricity generated by a power station.
<b>OHSAS 18001</b>	Occupational Health and Safety Assessment Series 18001. A management system specification, developed by British Standards Institute, for health and safety which is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management.
<b>Peak load</b>	The maximum demand for electricity during a specified high demand period. This may require use of plant (for example pumped storage) that is kept in reserve for peak periods.
<b>PPA</b>	Power Purchase Agreement (see also Offtake agreement).
<b>Proprietary trading</b>	The trading of commodities for the purposes of making a profit, when the commodity, such as electricity, is not generated by our own power stations or purchased for use by our own power stations. Also known as non-asset backed trading.
<b>Put</b>	To sell a security back to the issuer at a pre-determined price.
<b>Recourse debt</b>	Debt where the lender has recourse to parties other than the borrower, usually a parent company or shareholder.
<b>Reserve margin</b>	The amount of available plant reserve capacity above the system's peak electricity requirements.
<b>RPI</b>	Retail Price Index.
<b>SO<sub>2</sub></b>	Sulphur dioxide.
<b>SOx</b>	Sulphur oxides.
<b>Spark Spread</b>	The difference between the gas cost to generate electricity and the price at which electricity is sold.
<b>Spread</b>	The difference between the fuel costs to generate electricity and the price at which electricity is sold.
<b>Technical Availability</b>	A measure giving the proportion of electrical energy that was actually available to be generated during the period, after taking account of both planned and unplanned outages, expressed as a percentage of the maximum potential electrical energy generation.
<b>Turnbull Guidance</b>	The Turnbull Guidance expands upon the Combined Code requirements for the Directors' review of the effectiveness of the Group's system of internal controls.
<b>US Sarbanes-Oxley Act</b>	The Sarbanes-Oxley Act of 2002 was enacted in reaction to the highly publicised bankruptcies of Enron and WorldCom and is concerned with strictly enforcing corporate governance and financial disclosure.