

FIVE-YEAR FINANCIAL SUMMARY

The following tables are the consolidated income statements, the consolidated income statements excluding exceptional items and specific IAS 39 mark to market movements and the summary balance sheets for the five years ended 31 December 2007. For the year ended 31 December 2003 results have been prepared under UK GAAP. They have been re-presented under an IFRS format, in the table below, to aid comparability.

Consolidated income statements

	Year ended 31 December 2007 (IFRS) £m	Year ended 31 December 2006 (IFRS) £m	Year ended 31 December 2005 (IFRS) £m	Year ended 31 December 2004 (IFRS) £m	Year ended 31 December 2003 (UK GAAP) £m
Revenue: Group and share of joint ventures and associates	3,485	3,783	2,936	1,267	1,273
Less: share of joint ventures' and associates' revenue	(1,160)	(1,199)	(1,003)	(499)	(421)
Group revenue	2,325	2,584	1,933	768	852
Cost of sales	(1,929)	(1,839)	(1,513)	(637)	(1,133)
Gross profit/(loss)	396	745	420	131	(281)
Other operating income	96	102	122	56	66
Other operating expenses	(172)	(163)	(129)	(67)	(64)
Share of results of joint ventures and associates	198	214	198	113	195
Profit/(loss) from operations	518	898	611	233	(84)
Disposal of interests in businesses	289	–	10	4	27
Finance income	77	53	53	30	42
Finance expenses	(401)	(327)	(255)	(138)	(169)
Profit/(loss) before tax	483	624	419	129	(184)
Tax expense	46	(147)	(89)	(25)	(28)
Profit/(loss) for the year	529	477	330	104	(212)
Attributable to:					
Minority interests	26	67	45	6	7
Equity holders of the parent	503	410	285	98	(219)
Basic earnings/(loss) per share	33.6p	27.6p	19.4p	7.5p	(17.6)p
Diluted earnings/(loss) per share	31.8p	26.2p	18.5p	7.4p	(17.6)p

The share of results from joint ventures and associates for the year ended 31 December 2003, presented under UK GAAP in the above table, is shown before interest, taxation and minority interests.

With effect from 1 January 2004, we reverted to the equity method of accounting for our 36% stake in KAPCO and now account for it as an associate. KAPCO had previously been accounted for as a trade investment with dividend receipts recorded in income from investments. To aid comparability the dividends received in 2003 have been included in the share of results of joint ventures and associates in the above table.

Consolidated income statements excluding exceptional items and specific IAS 39 mark to market movements

	Year ended 31 December 2007 (IFRS) £m	Year ended 31 December 2006 (IFRS) £m	Year ended 31 December 2005 (IFRS) £m	Year ended 31 December 2004 (IFRS) £m	Year ended 31 December 2003 (UK GAAP) £m
Revenue: Group and share of joint ventures and associates	3,872	3,645	2,980	1,267	1,273
Less: share of joint ventures' and associates' revenue	(1,160)	(1,193)	(1,000)	(499)	(421)
Group revenue	2,712	2,452	1,980	768	852
Cost of sales	(1,927)	(1,807)	(1,570)	(637)	(729)
Gross profit	785	645	410	131	123
Other operating income	96	83	64	56	66
Other operating expenses	(163)	(163)	(129)	(78)	(64)
Share of results of joint ventures and associates	186	208	191	113	160
Profit from operations	904	773	536	222	285
Finance income	77	53	53	30	42
Finance expenses	(385)	(301)	(255)	(107)	(153)
Profit before tax	596	525	334	145	174
Tax expense	(113)	(122)	(68)	(25)	(54)
Profit for the year	483	403	266	120	120
Attributable to:					
Minority interests	77	71	52	8	7
Equity holders of the parent	406	332	214	112	113
Basic earnings per share	27.1p	22.4p	14.6p	8.6p	9.1p

The comments set out below the table on the preceding page also apply to the results presented above.

Consolidated balance sheets

	As at 31 December 2007 (IFRS) £m	As at 31 December 2006 (IFRS) £m	As at 31 December 2005 (IFRS) £m	As at 31 December 2004 (IFRS) £m	As at 31 December 2003 (UK GAAP) £m
Non-current assets	9,444	7,420	6,592	5,667	2,585
Inventories	158	141	110	91	65
Other current asset receivables and derivatives	990	806	676	238	160
Cash and cash equivalents and assets held for trading	1,161	1,022	672	612	743
Current assets	2,309	1,969	1,458	941	968
Current liabilities	(2,042)	(1,174)	(1,305)	(551)	(847)
Non-current liabilities	(6,704)	(5,475)	(4,370)	(3,999)	(1,146)
Net assets	3,007	2,740	2,375	2,058	1,560
Net debt	4,662	3,575	3,060	2,752	692
Gearing	155%	130%	129%	134%	44%
Debt capitalisation	61%	57%	56%	57%	31%
Capital expenditure (including acquisitions)	1,072	1,080	847	1,549	130

SHAREHOLDER PROFILE

as at 31 December 2007

Category of holdings

	Number of shareholders	Percentage of total shareholders	Ordinary Shares	Percentage of issued share capital
Private individual	386,220	98.85	173,077,818	11.52
Nominee companies	4,221	1.08	1,308,325,118	87.11
Limited and public limited companies	209	0.05	2,835,480	0.19
Other corporate bodies	82	0.02	12,537,127	0.84
Pension funds, insurance companies and banks	18	0.00	5,163,970	0.34
Total	390,750	100.00	1,501,939,513	100.00

Range of holdings

	Number of shareholders	Percentage of total shareholders	Ordinary Shares	Percentage of issued share capital
1 – 199	94,770	24.25	14,406,087	0.96
200 – 499	209,674	53.66	60,527,268	4.03
500 – 999	57,279	14.66	39,094,863	2.60
1,000 – 4,999	25,811	6.61	45,077,531	3.00
5,000 – 9,999	1,791	0.46	11,847,529	0.79
10,000 – 49,999	680	0.17	13,362,240	0.89
50,000 – 99,999	142	0.04	10,176,022	0.68
100,000 – 499,999	316	0.08	76,834,761	5.12
500,000 – 999,999	96	0.02	67,864,799	4.52
1,000,000 – highest	191	0.05	1,162,748,413	77.41
Total	390,750	100.00	1,501,939,513	100.00

SHAREHOLDER SERVICES AND INFORMATION

Annual General Meeting (AGM)

The 2008 AGM will be held on Tuesday 13 May 2008. Further details will be set out in the Notice of the AGM to be sent out in April 2008.

Electronic voting

For the AGM you can register your vote electronically by logging on to the following website: www.sharevote.co.uk. You will need your voting reference numbers (the three 8-digit numbers shown on your Proxy Form). Alternatively, if you have already registered for a shareview portfolio with Equiniti, then log on to your portfolio at www.shareview.co.uk and click on company meetings.

Receive your Annual Report online

If you have access to the Internet, in future you can receive your copy of the **Annual Report** by registering with www.shareview.co.uk. This is a service offered by Equiniti that also enables you to check your holdings in many UK companies and helps you to organise your investments electronically. Once you have registered for a portfolio, you can also use this service to change your address details online as well as register your vote for a company's General Meeting safely, securely and privately.

Dividend Reinvestment Plan (DRIP)

As an alternative to receiving a cash dividend you can choose to reinvest your money in the Company's shares by using a Dividend Reinvestment Plan. The DRIP works by reinvesting your dividend money by way of buying shares in the open market. If you would like to receive further information and an application form for the International Power DRIP, please contact Equiniti on **0871 384 2268**.

Individual Savings Accounts (ISAs)

Information on the International Power corporate ISA, which offers a tax-efficient way of holding shares, can be obtained from Equiniti Financial Services Limited, who can be contacted on **0871 384 2244**.

Shareholder enquiries

If you have any queries on the following:

- transfer of shares;
- change of name or address;
- lost share certificates;
- lost or out-of-date dividend cheques and payment of dividends directly into a bank or building society account;
- death of the registered holder of shares;
- receiving duplicate copies of this report;
- receiving the *Summary Annual Report* or the *Annual Report* in addition to the electronic version of the report;

please contact Equiniti on **0871 384 2082** or write to them at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, quoting International Power and including your shareholder reference number (found on your share certificate).

Additional information can be found on the Equiniti Limited website at www.equiniti.com.

FINANCIAL CALENDAR

Interim Management Statement	8 May 2008
Annual General Meeting	13 May 2008
Ex-dividend date	21 May 2008
Dividend payment date	26 June 2008
Announcement of interim results for the period ended 30 June 2008	7 August 2008
Interim Management Statement	6 November 2008

Share dealing services

Equiniti have in place a low-cost share dealing service for both the purchase and sale of shares. This is a postal service only. For information on the low-cost dealing service, or to obtain a dealing form, please contact Equiniti on **0871 384 2082**.

Shareview dealing

Equiniti also offer a telephone and internet share dealing service, details of which can be found on their website www.shareview.co.uk/dealing. This arrangement is available at any time during market trading hours and provides an easy and convenient facility to trade shares offering real time prices through a range of market makers and giving you control of when and for how much you wish to trade your shares. Full terms and conditions for this service are available on the Shareview website. You should note that for sales, the maximum online trade size is £25,000 and for purchases £20,000. To trade over the telephone, please call **08456 037 037**.

Calls to Equiniti 0871 numbers are charged at 8p per minute from a BT landline. Other telephony provider's costs may vary.

Share price

Our latest share price information is available on our website at www.ipplc.com/ipr/investors/shareinfo. This link will provide you with International Power's latest share price, historical closing prices and volumes and an interactive share price graph.

In addition, you can now access the latest share price on your Blackberry, PDA or mobile phone at <http://mobile.ipplc.com>.

Contact details

General enquiries

Please contact:
 Stephen Ramsay
 Company Secretary
 International Power plc
 Senator House, 85 Queen Victoria Street
 London EC4V 4DP
 Tel: 020 7320 8706

Corporate investor & media enquiries

Please contact:
 Aarti Singhal
 Head of Communications
 International Power plc
 Senator House, 85 Queen Victoria Street
 London EC4V 4DP
 Tel: 020 7320 8600

Website

The International Power website – www.ipplc.com contains the 2007 **Annual Report** and **Summary Annual Report**, along with a wide range of other information on the Group. The *Annual Report* and *Summary Annual Report* can be found at: www.ipplc.com/ipr/investors/reports.

The website also hosts an Alert Service www.ipplc.com/ipr/siteservices/alerts, where you can sign up for e-mail alerts of news releases, reports, results and presentations, and events.

Corporate social responsibility

Further information on corporate social responsibility is available on our website www.ipplc.com/ipr/environment/corpresp.

GLOSSARY

AGM	Annual General Meeting of shareholders of the Company.
Asset-backed trading	The selling of the physical output generated by our power stations.
Availability	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.
Bond	Security that obligates the issuing company to make specified payments to the bondholders.
Capacity (installed)	Generator capacity (megawatts), usually indicated on a nameplate physically attached to the generator.
CCGT	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.
CO₂	Carbon dioxide.
Cogeneration	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.
Combined Code	The Code which sets out the expected corporate governance standards for companies listed on the London Stock Exchange.
Corridor approach	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.
CR	Corporate responsibility.
Dark spread	The difference between the coal cost to generate electricity and the price at which electricity is sold.
Debt capitalisation	Net debt divided by the sum of the net debt and total equity.
Demerger	The process whereby National Power split its UK and international operations into separate businesses.
Desalination plant	Plant which produces drinking water from sea water.
Emission allowances	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 ₂ , based on a cap and trade system. Other examples include the Clean Air Act in the US which covers emissions of NO _x and SO _x .
EPS	Earnings per share, calculated by dividing the profit after interest, tax and minority interests by the weighted average number of shares in issue.
FGD	Flue gas desulphurisation – a process which removes sulphur from the flue gas emissions of a coal plant.
Forced outage rate	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.
Form 20-F	An annual filing with the Securities and Exchange Commission (SEC), similar to an annual report and accounts.
Functional currency	The currency of the primary economic environment in which the entity operates.
Gearing	Net debt divided by total equity.
Generator nameplate	The maximum output of a generator, under specific conditions designated by the manufacturer.
Greenfield	Building a power plant on a new undeveloped site.
Hedge contracts	A contract that gives protection against risks of future price movements.
HSE	Health, safety and environment.
HUBCO	The Hub Power Company.
IFRSs	International Financial Reporting Standards.
ISO 14001	The international standard of environment management systems.
JBIC	Japan Bank for International Cooperation.
KAPCO	The Kot Addu Power Company.
KPI	Key performance indicator.
LNG	Liquefied natural gas.
Load factor	The proportion of electricity actually sold, compared with the maximum possible sales of electricity at maximum net capacity.
LTIP	Long-term incentive plan.
Merchant market	A merchant market is a deregulated market.

Merchant plant	Our merchant plants operate in deregulated markets selling power into the traded market without long-term power purchase agreements (PPAs).
Mitsui	Mitsui & Co. of Japan.
MIGD	Millions of imperial gallons per day.
MW	Megawatt; one MW equals 1,000 kilowatts.
MWth	One megawatt of thermal power.
National Allocation Plan	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.
NOx	Oxides of nitrogen.
Non-recourse debt	Debt secured on an asset, and where the lender has no recourse to the shareholder.
O&M	Operations and maintenance, usually used in the context of operating and maintaining a power station.
OCGT	Open cycle gas turbine – turbines, typically fuelled by gas or diesel oil, are used to drive the generators to produce electricity.
Offtake agreement	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.
OHSAS 18001	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.
Peak load	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.
PPA	Power Purchase Agreement (see also Offtake agreement).
Proprietary trading	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.
Put	To sell a security back to the issuer at a pre-determined price.
Recourse debt	Debt where the lender has recourse to parties other than the borrower, usually a parent company or shareholder.
Reserve margin	The amount of available plant reserve capacity above the system's peak electricity requirements.
RPI	Retail Price Index.
SO₂	Sulphur dioxide.
SOx	Sulphur oxides.
Spark Spread	The difference between the gas cost to generate electricity and the price at which electricity is sold.
Spread	The difference between the fuel costs to generate electricity and the price at which electricity is sold.
Technical Availability	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.
Turnbull Guidance	The Turnbull Guidance expands upon the Combined Code requirements for the Directors' review of the effectiveness of the Group's system of internal controls.
US Sarbanes-Oxley Act	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.