



International Power plc

Notice of the 2005 Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (AGM) of International Power plc (the Company) will be held at 2.30 pm on Tuesday 17 May 2005 at the Park Lane Sheraton Hotel, Piccadilly, London W1 for the following purposes:

As ordinary business

1. To receive the Accounts for the year ended 31 December 2004 and the Report of the Directors, the Directors' remuneration report and the report of the auditors on the Accounts and on the auditable part of the Directors' remuneration report.
2. To re-appoint Struan Robertson as a Director.
3. To re-appoint Phil Cox as a Director.
4. To re-appoint Adri Baan as a Director.
5. To declare a final dividend of 2.5p per Ordinary Share.
6. To approve the Directors' remuneration report for the year ended 31 December 2004, as set out in pages 54 to 66 of the 2004 Annual Report and Accounts.
7. To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of the AGM to the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to set their remuneration.

As special business

8. To consider and, if thought fit, pass the following as an Ordinary Resolution:

That the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the Act) to exercise all the powers of the Company to allot relevant securities (as defined within Section 80(2) of the Act) up to an aggregate nominal value of £245,559,084.

The authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2006 or on 17 August 2006, whichever is the earlier, unless such authority is renewed prior to such time. Under the authority hereby conferred, the Directors may during such period make offers and agreements which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of that offer or agreement notwithstanding that the authority conferred hereby has expired.

9. To consider and, if thought fit, pass the following as a Special Resolution:

That, subject to the passing of Resolution 8, the Directors shall be authorised, pursuant to Section 95(1) of the Act, to allot equity securities (as defined in Section 94 of the Act) wholly for cash pursuant to the general authority conferred by Resolution 8, as if Section 89(1) of the Act did not apply to any such allotment provided that such power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue in favour of the holders of ordinary shares in the Company (the International Power Ordinary Shares) on the register of members at such record date or dates as the Directors may determine for the purpose of the issue, made in proportion (as nearly as may be) to their respective existing holdings of such shares, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, or by virtue of the International Power Ordinary Shares being represented by depositary receipts or uncertificated accounts, or the requirements of any statutory or regulatory body or stock exchange or any other matter whatsoever; and
- (ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal value of £36,833,862.

The authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2006 or on 17 August 2006, whichever is the earlier, unless such authority is renewed prior to such time. Under the authority hereby conferred the Directors may during such period make offers or agreements which would or might require equity securities to be allotted after the expiry of such period and the Directors may allot equity securities in pursuance of any such offers or agreements notwithstanding that the power conferred hereby has expired. The power conferred on the Directors by this resolution shall also apply to a sale of treasury shares, which is an allotment of equity securities by virtue of Section 94(3A) of the Act.

10. To consider and, if thought fit, pass the following as a Special Resolution:

That the Company is generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Act) of International Power Ordinary Shares provided that:

- (i) the maximum aggregate number of International Power Ordinary Shares hereby authorised to be purchased is 147,335,450 representing approximately 10% of the issued share capital as at 9 March 2005.
- (ii) the minimum price which may be paid for an International Power Ordinary Shares is 50p per share which amount shall be exclusive of expenses; and
- (iii) the maximum price which may be paid for an International Power Ordinary Share is an amount (exclusive of expenses) equal to 105% of the average of the middle market quotations for an International Power Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the International Power Ordinary Share is purchased.

The authority hereby conferred shall expire at the conclusion of the AGM of the Company to be held in 2006 or on 17 August 2006, whichever is the earlier, unless such authority is renewed prior to such time. Under the authority hereby conferred, the Company may, before the expiry of such authority, conclude contracts to purchase International Power Ordinary Shares which will or may be completed wholly or partly after the expiry of such authority, and may make purchases of International Power Ordinary Shares in pursuance of any such contracts as if the authority hereby conferred had not expired.

By Order of the Board



Stephen Ramsay
Company Secretary

11 April 2005

International Power plc
Senator House
85 Queen Victoria Street

London
EC4V 4DP

Registered in England and Wales No. 2366963

Notes:

1. International Power shareholders entitled to attend and vote at the AGM are entitled to appoint one or more proxies to attend and, on a poll, to vote in their place. **A proxy need not be an International Power shareholder.**
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those people registered as shareholders in the register of members of International Power as at 6.00 pm on Sunday 15 May 2005 shall be entitled to attend and to vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 pm on Sunday 15 May 2005 shall be disregarded in determining the rights of any person to attend or vote at the AGM.
3. The Register of Directors' interests in the share capital of the Company and copies of Directors' service contracts are available for inspection at the registered office of International Power plc during normal business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Notice, and at the place of the AGM from 1.30 pm on the day of the Meeting until the conclusion of the Meeting.

Explanatory notes

The formal Notice of the 2005 AGM is set out above. The Notice asks International Power shareholders to approve a number of items of business. For your information, the explanatory notes below summarise the purpose of each Resolution to be voted on by International Power shareholders at this year's AGM.

Resolution 1: To receive the Annual Report and Accounts

The Chairman will present the Report and Accounts for the year ended 31 December 2004 to the meeting. These accounts were sent to shareholders in April 2005.

Resolutions 2 - 4: Re-appointment of Directors

In accordance with the Company's Articles of Association, as a Director appointed since the 2004 AGM, Mr Struan Robertson will be standing down and offering himself for re-appointment by International Power shareholders. Struan Robertson was appointed a Non-Executive Director on 1 October 2004. In addition, Phil Cox and Adri Baan are the Directors who will be retiring by rotation this year and are standing for re-appointment in accordance with the Company's Articles of Association. Phil Cox is the Chief Executive Officer of International Power plc. Adri Baan is a Non-Executive Director and the Chairman of the Remuneration Committee.

Brief details of all the Directors appear on page 16 of the *Summary Annual Report* and pages 34 and 35 of the *Annual Report*.

Resolution 5: Dividend

The Directors have proposed a final dividend of 2.5p per Ordinary Share. If approved at the AGM, the dividend will be paid on 8 July 2005 to members on the register as at 27 May 2005.

Resolution 6: Approval of remuneration report

In accordance with the Directors' Remuneration Report Regulations 2002, shareholders are asked to approve the remuneration report and policy set out on pages 54 to 66 of the *Annual Report*, a summary of which is set out on pages 17 to 19 of the *Summary Annual Report*.

Resolution 7: Re-appointment of auditors

This resolution relates to the re-appointment of KPMG Audit Plc as the Company's auditors to hold office until the next AGM of the Company, and to authorise the Directors to set their remuneration. The Directors have delegated the responsibility to set the auditors' remuneration to the Audit Committee of the Board.

Resolution 8: General authority to allot shares

As required by the Companies Act 1985, this resolution, to be proposed as an Ordinary Resolution, relates to the grant to the Directors of authority to allot unissued International Power Ordinary Shares for a period of one year. In accordance with best practice, if approved, this authority is limited to a maximum of 491,118,168 shares, which is equivalent to one third of our issued share capital as at 9 March 2005. The Directors have no present plans to issue International Power Ordinary Shares using this authority. The authority granted under this resolution will expire at the 2006 AGM or on 17 August 2006, whichever is the earlier. This authority replaces the existing authority given at the EGM in November 2004.

Resolution 9: Disapplication of the pre-emption rights

Should the Directors decide to allot unissued International Power Ordinary Shares or sell International Power Ordinary Shares held in treasury for cash, the Act requires that these shares are offered first to shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. There may be occasions, however, when in order to act in the best interests of the Company, the Directors need the flexibility to finance business opportunities as they arise without regard to this requirement. Therefore this Resolution, to be proposed as a Special Resolution, seeks International Power shareholder authority to enable the Directors to allot or sell out of treasury, a limited number of International Power Ordinary Shares, namely up to 73,667,724 International Power Ordinary Shares, which is equivalent to 5% of our issued share capital as at 9 March 2005, without such International Power Ordinary Shares first being offered to International Power shareholders.

Resolution 10: Authority to purchase own shares

In certain circumstances it may be advantageous for the Company to purchase International Power Ordinary Shares in the market in accordance with the terms of the Act. This resolution, to be proposed as a Special Resolution, seeks International Power shareholder authority to renew the Company's authority to purchase International Power Ordinary Shares in the market. The maximum number of shares which can be purchased is 147,335,450 equivalent to 10% of our issued ordinary share capital as at 9 March 2005. As at 9 March 2005, there were in total 142,220,590 warrants and options outstanding to subscribe for equity shares of the Company which together represent 9.65% of the Company's issued share capital. These warrants and options arise out of the outstanding amounts of the 2005 Convertible Bond (13,453,088 Ordinary Shares (0.91% of the current issued share capital)) and the 2023 Convertible Bond (88,756,970 Ordinary Shares (6.02% of the current issued share capital)). The number of options outstanding under the Company's employee share option plans was 40,010,532 (representing 2.72% of the current issued share capital). If the authority to purchase the Company's Ordinary Shares were to be exercised in full, these warrants and options would represent 10.72% of the Company's issued share capital. Any International Power Ordinary Shares purchased would be thereby cancelled or held in treasury at the Directors' discretion. The Directors intend to exercise this authority only where, in the light of market conditions at the time, they believe that a purchase of shares would result in an increase in earnings per share and that it would be in the best interests of International Power shareholders as a whole. The authority sought under this resolution will expire at the 2006 AGM or on 17 August 2006, whichever is the earlier.

Recommendation

The Board unanimously recommends International Power shareholders to vote in favour of resolutions 1-10.

Guidance notes for completion of Proxy Form and electronic proxy voting

1. Shareholders entitled to attend and vote at the AGM are entitled to appoint one or more proxies to attend and, on a poll, to vote in their place. If you wish to appoint a proxy please use the Proxy Form enclosed with this Notice. In the case of joint shareholders, only one need sign the Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. The completion and return of the Proxy Form will not stop you from attending and voting in person at the AGM should you wish to do so. A proxy need not be a shareholder of the Company.
2. Alternatively, shareholders are given the option to register the appointment of a proxy for the AGM electronically by accessing the website www.sharevote.co.uk. This website is operated by the Company's registrar, Lloyds TSB Registrars. Full details of the proxy voting procedure are given on the website and shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 17 May 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, so as to be received by Lloyds TSB Registrars (ID 7RA01) by no later than 2.30pm on Sunday 15 May 2005.

4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words 'the Chairman of the Meeting or' on the Proxy Form and insert the name and address of your appointee.

5. You can instruct your proxy how to vote on each resolution on which a poll is taken by placing an 'X' (or entering the number of shares which you are entitled to vote) in the 'For' or 'Against' boxes as appropriate. If you wish to abstain from voting on any Resolution on which a poll is taken please place an 'X' in the box which is marked 'Abstain'. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If you do not indicate on the Proxy Form how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the Meeting.
6. A corporation should execute the Proxy Form under its common seal or otherwise in accordance with Section 36A of the Act or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Proxy Form.
7. **The Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed must be received by Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6NG by no later than 2.30 pm on Sunday 15 May 2005.** On completing the Proxy Form, sign it and return it to Lloyds TSB Registrars using the enclosed envelope. As postage has been pre-paid, no stamp is required.
8. **Other than the appointment of a proxy through CREST (see note 3 above), electronic Proxy voting instructions must be submitted using the website www.sharevote.co.uk by no later than 2.30 pm on Sunday 15 May 2005.** Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.

How to get to the Annual General Meeting



The Park Lane Sheraton Hotel, Piccadilly, London W1J 7BX

By rail

Rail links to all major London stations connect with the London Underground.

By Underground

Piccadilly line to Hyde Park Corner or Victoria, Piccadilly and Jubilee lines to Green Park.

The hotel is a few minutes walk along Piccadilly.

By bus

Numbers 38, 22, 19, 14, 9 and 8 all stop near the hotel on Piccadilly.