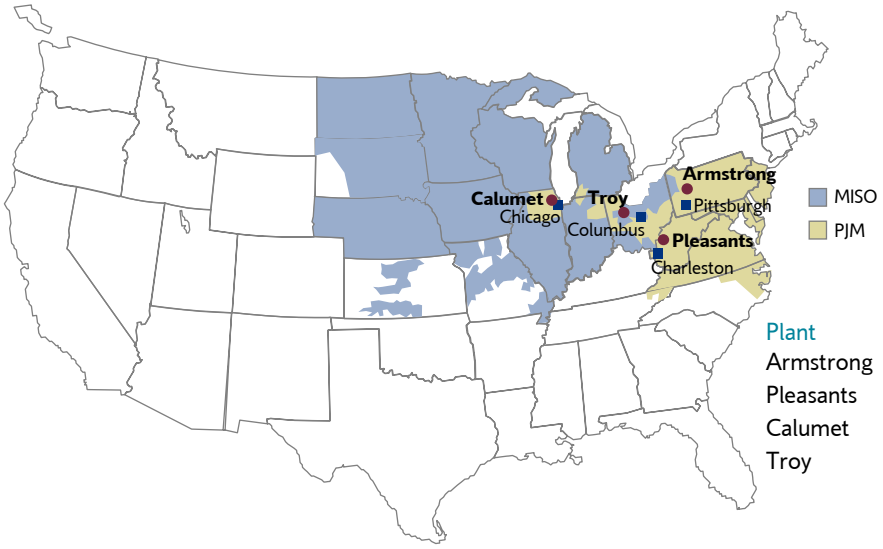
Acquisition of 1,857MW US peaking portfolio
May 2008



Plant	Capacity	Fuel type	Location
Armstrong	625 MW	Dual - gas/oil	Pennsylvania, PJM
Pleasants	313 MW	Dual - gas/oil	West Virginia, PJM
Calumet	303 MW	Gas	Illinois, PJM
Troy	616 MW	Dual - gas/oil	Ohio, MISO

Portfolio profile

The acquired assets, all brought online in 2002, are modern, state of the art gas turbine peaking plants with high efficiency levels and a strong operational track record. Three out of the four have dual fuel capability which assures that they will be available to meet peak demands even when natural gas supplies may be limited. Located near major cities and regional population centres these plants are key to meeting electricity supply needs during periods of high peak demand.

International Power will manage the operation, sale of the capacity and energy output, and fuel supply management of these plants from its existing US operations to ensure that performance and profitability are optimized.

PJM market background

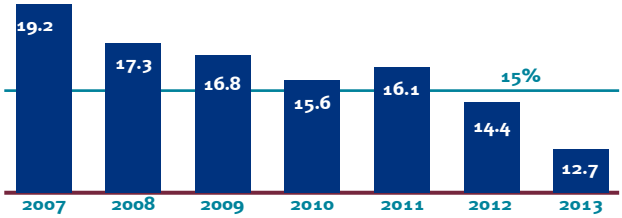
The PJM power pool is the largest power region in the US with installed capacity of over 164,000 MW. PJM covers 11 states including Pennsylvania, New Jersey, Maryland, Delaware, Virginia, West Virginia and parts of Ohio, Indiana, Illinois, Michigan and North Carolina.

Over the past decade over $9.8 billion has been approved for upgrades of its 56,000 miles of transmission lines. These upgrades have resulted in all regions being receiving the same level of capacity price under the Reliability Pricing Model auctions beginning in 2010.

The installed generation includes a diverse fuel mix including nuclear (18%); coal (40%); oil/gas (35%), hydro/wind (5%) and other (2%).

Demand growth 1.5%

Reserve Margin (%)



MISO market background

The Midwest ISO (MISO) was formed in 2001 and has over 127,000 MW of installed capacity. MISO covers 15 states and one Canadian province including most of the states of Michigan, Iowa, North Dakota, South Dakota, Nebraska Minnesota, Illinois, Indiana, and Wisconsin. The system is interconnected with over 93,600 miles of transmission lines.

The installed generation includes a diverse fuel mix including nuclear (8%); coal (54%); oil/gas (31%), hydro/wind (6%) and other (1%).

Demand growth 1.3%

Reserve Margin (%)