

## GLOSSARY

<b>ABI</b>	Association of British Insurers, a body which, inter alia, sets standards of corporate governance on behalf of Insurance companies.
<b>ANP</b>	American National Power.
<b>Availability</b>	A measure giving the proportion of electrical energy that was available during a period of time, after taking account of both planned and unplanned plant outages.
<b>Bond</b>	Security that obligates the issuer (International Power) to make specified payments to the bondholder (financial institutions).
<b>Brownfield</b>	Building a plant on a previously operational site.
<b>CCGT</b>	Combined cycle gas turbine – turbines, that are typically fuelled by natural gas, are used to drive generators and use exhaust gases to produce steam that in turn drives an additional turbine coupled to a generator.
<b>CO</b>	Carbon monoxide.
<b>CO<sub>2</sub></b>	Carbon dioxide.
<b>Cogeneration</b>	The simultaneous generation of heat and electricity, typically where the need for both arises for industrial or commercial purposes.
<b>Corridor approach</b>	Under this approach to 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, whichever is greater.
<b>CSR</b>	Corporate social responsibility.
<b>Dark spread</b>	The difference between the cost of coal to generate electricity and the price at which that electricity is sold.
<b>Debt capitalisation</b>	Net debt divided by the sum of the net debt and total equity.
<b>Emission allowances</b>	Under the EU Emissions Trading Scheme allowances are granted to entities under a cap and trade emission scheme. Credits can also be purchased by entities to enable them to emit additional CO <sub>2</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>Gearing</b>	Net debt divided by total equity.
<b>Generator nameplate capacity (installed)</b>	The maximum output of a generator, under specific conditions designated by the manufacturer. Installed generator capacity is commonly expressed in megawatts (MW) and is usually indicated on a nameplate physically attached to the generator.
<b>Greenfield</b>	Building a plant on a new site.
<b>Hedge contracts</b>	A contract that gives protection against risks of future commodity price movements.
<b>HSE</b>	Health, safety and environment.
<b>HUBCO</b>	The Hub Power Company.
<b>IFRS</b>	International Financial Reporting Standards.
<b>ISO 14001</b>	The international standard of environment management systems.
<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>KAPCO</b>	The Kot Addu Power Company.
<b>Merchant market</b>	A merchant market is a deregulated market in which the price of commodities, such as gas and electricity, can change due to market forces and power is sold into a traded market.
<b>Merchant plant</b>	Our merchant plants operate in merchant markets selling power without long-term power purchase agreements (PPAs).
<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 assets within the relevant sector.
<b>NO<sub>x</sub></b>	Oxides of nitrogen.

**GLOSSARY** continued

<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>PBIT</b>	Profit before interest and tax.
<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>PFO</b>	Profit from operations, which includes profit after interest, tax and minority interests of joint ventures and associates.
<b>PPA</b>	Power Purchase Agreement (see also Offtake agreement).
<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 plant reserve capacity above the system's peak electricity requirements.
<b>Rights Issue</b>	The offer of new shares to shareholders pro-rata to their current holding, usually at a discounted price.
<b>RPI</b>	Retail Price Index.
<b>RREV</b>	Research Recommendations Electronic Voting. A body which acts on behalf of institutional investors monitoring the corporate governance performance of quoted companies, and which issues recommendations for voting on resolutions at those companies' general meetings.
<b>SO<sub>2</sub></b>	Sulphur dioxide.
<b>Spark spread</b>	The difference between the fuel costs to generate electricity and the price at which electricity is sold.
<b>UK GAAP</b>	Generally Accepted Accounting Principles in the UK.
<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.

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