



International Power Signs Agreement to Acquire 1,857 MW Portfolio of Peaking Plants in the US

(London – 12 May 2008) International Power plc announces that it has entered into an agreement to acquire a 1,857 MW portfolio of peaking generation facilities, located in the Pennsylvania, New Jersey and Maryland (PJM) and Midwest Independent System Operator (MISO) power pools, from a subsidiary of Tenaska Power Fund, L.P. (TPF) and an affiliate of Warburg Pincus LLC (Warburg Pincus), for a purchase price of US\$856.4 million (£439.2 million).

The portfolio comprises the following assets:

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

Note:

* Calumet is being acquired from a subsidiary of TPF. All other assets are being acquired from a subsidiary of TPF and an affiliate of Warburg Pincus.

Philip Cox, CEO of International Power said, “This acquisition of modern peaking plants in attractive power markets complements our existing portfolio of power stations in North America and improves further our ability to benefit from tightening reserve margins in the region. The acquisition is at a material discount to new build costs and is expected to deliver a strong return on investment.”

The purchase price of \$856.4 million (£439.2 million) together with the associated debt service reserve and transaction costs of \$38.6 million (£19.8 million) will be funded by non recourse project debt of \$434 million (£222.6 million) and \$461 million (£236.4 million) of equity. The acquisition will be immediately free cash flow enhancing and is expected to be earnings neutral in the first few years with strong earnings growth in future years. Completion of the acquisition is expected to occur by the end of the third quarter.

Asset Background

The projects began commercial operation in 2002, and all four sites provide potential growth opportunities to meet future demand in these attractive markets. The plants are located in PJM and MISO, which are both very large power markets covering multiple states. Given projected demand growth, reserve margins in both markets are forecast to tighten over the coming years. The PJM projects will receive capacity payments under PJM's Reliability Pricing Model, which have already been determined through to 2011. The MISO asset (Troy) has a capacity and energy hedge through to 2012.

Notes to Editors:

The PJM market covers the majority of the electricity load in the states of Pennsylvania, New Jersey, Maryland, Delaware, Virginia and West Virginia, as well parts of Ohio, Indiana, Illinois, Michigan and North Carolina. MISO covers an area that encompasses 15 states in the mid-west and borders PJM in the states of Pennsylvania, Ohio, Indiana and Illinois.

An exchange rate of £1: US\$1.95 has been applied in this announcement.

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About International Power

International Power plc is a leading independent electricity generating company with 31,191 MW gross (19,001 MW net) in operation and 2,971 MW gross (875 MW net) under construction. International Power has power plants in operation or under construction in Australia, the United States of America, the United Kingdom, the Czech Republic, France, Germany, Italy, the Netherlands, Portugal, Spain, Turkey, Bahrain, Oman, Qatar, Saudi Arabia, the UAE, Indonesia, Pakistan, Puerto Rico and Thailand. International Power is listed on the London Stock Exchange with ticker symbol IPR. Company website: www.ipplc.com