



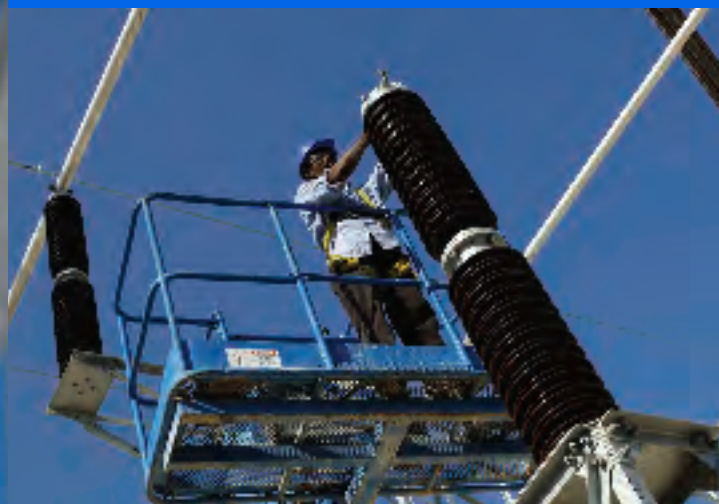
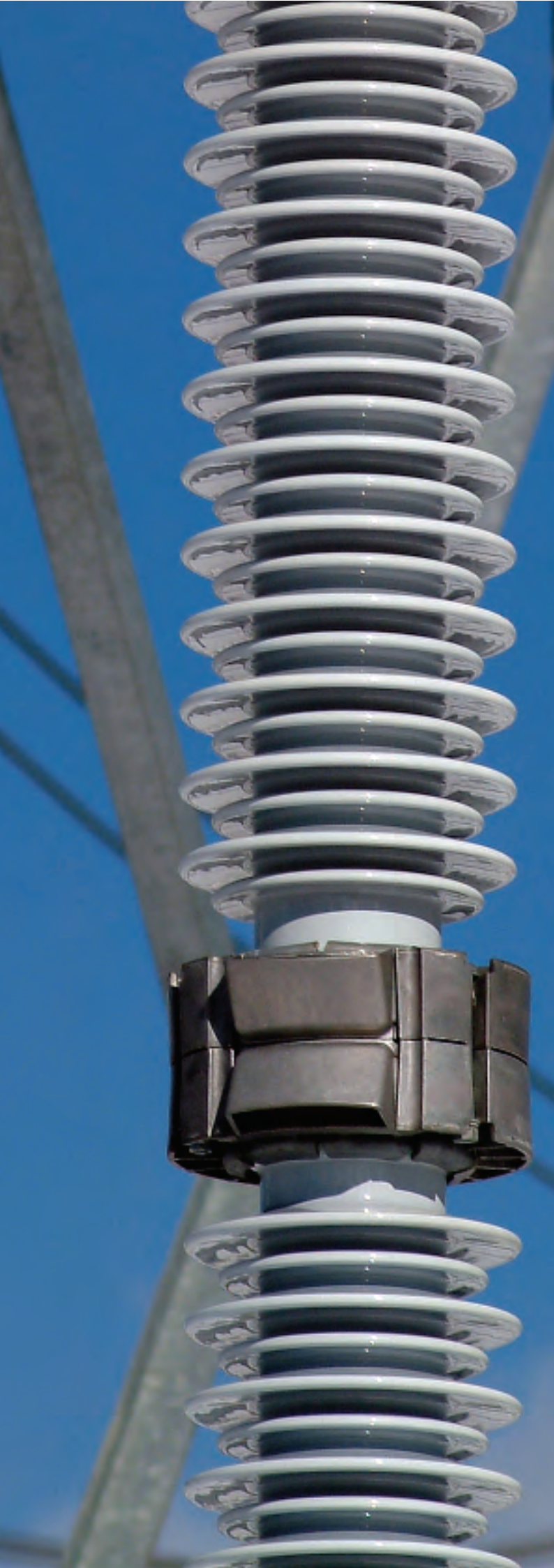
Bellingham, North America

Directors' remuneration

The Company's remuneration policy for each Executive Director takes account of the changing nature of the business in both the UK and overseas. Packages are designed to include:

- remuneration levels to retain and motivate top quality executives
- a significant performance-related element
- incentives to meet measurable performance criteria and align rewards with creating shareholder value
- opportunities to acquire International Power shares to build a strong share ownership culture





Ju'aymah, Tihama, Saudi Arabia

Directors' remuneration

Executive Directors receive a remuneration package aligned with short and medium-term corporate and personal targets. The package comprises:

- a market competitive salary
- performance related annual bonus
- a long-term share-related incentive scheme
- pension benefits
- other benefits (healthcare, company car allowance)

Directors' remuneration report

The setting of remuneration policy and the determination of the compensation of Executive Directors is undertaken on behalf of the Board by the Remuneration Committee.

The Remuneration Committee has access to external independent advice in relation to remuneration. During the year the Committee appointed Towers Perrin to provide specialist advice on Director and senior management remuneration. Towers Perrin did not undertake any other services on behalf of the Company during the year ended 31 December 2005.

In addition, it received advice from James Richards, head of human resources, with regard to all aspects of remuneration. The CEO attended Committee meetings to report on Executive Directors' performance (other than his own).

This report to the shareholders by the Committee covers the following: remuneration policy (including information on share options, long-term incentive plans, Directors' service contracts and Directors' pension benefits); Directors' aggregate remuneration and compensation; and Directors' interests in the Company's shares.

Remuneration policy

The Company's remuneration policy for each Executive Director takes account of the changing nature of the business in both the UK and overseas. In order to compete with and meet these challenges, the Committee has designed executive remuneration along the following principles:

- Total remuneration levels that will retain and motivate top quality executives.
- All remuneration packages have a significant performance-related element.
- Incentives are based on meeting specific, measurable performance objectives, and align executives' rewards with creating value for our shareholders.
- Total remuneration packages that include significant opportunities to acquire International Power shares, consistent with our strategy of re-investment and building a strong share ownership culture.

This policy applies to the current year and the Committee intends to continue it for the foreseeable future, taking into account developing market practice. Since the beginning of 2006, the Company has consulted with major institutional shareholders, together with the ABI and RREV, regarding

changes to the remuneration arrangements of our Executive Directors and a selection of key executives. International Power has undergone considerable transformation during the last two years, including the acquisitions of the international generation portfolio of Edison Mission Energy, Turbogás in Portugal and Saltend in the UK. As a consequence, the Company is now significantly larger, more geographically diverse and more complex to manage than before. Our market capitalisation has also increased significantly. These factors, together with a changing corporate governance and accounting environment, have led us to review our current remuneration arrangements to ensure they continue to be capable of providing a competitive package to attract and retain top quality executives and to drive performance.

Our pay policy is to be competitive around the median of the FTSE 51-100 group of companies. This reflects, and is in line with, the Company's market capitalisation in the FTSE 100. The Committee also has regard to the pay of staff and management generally within the Group, to ensure that an appropriate balance is maintained in remuneration levels.

In order to maintain market level remuneration packages for Executive Directors, from 1 January 2006, the Remuneration Committee increased:

- The maximum level of bonuses from 70% of base salary to 100%, for implementation in the 2006 financial year onwards. The target bonus for hitting budget is increased from 47% to 67%.
- The award level as part of the Performance Share Plan has been increased to 200% of base salary for the CEO, and increased to 150% of base salary for other Executive Directors.

Also, effective from 1 January 2006, the Remuneration Committee removed, for Executive Directors;

- the Bonus Share Retention Plan, which has achieved its objectives of providing a mechanism for Directors to increase substantially their shareholdings in the Company by foregoing a portion of their cash annual bonus. Therefore, no more awards will be made under this arrangement following the release of the 2005 bonus awards;
- participation in the annual grants of the Executive Share Option Schemes.

Elements of remuneration

Executive Directors receive a remuneration package aligned with short and medium-term corporate and personal targets. The package comprises a market competitive base salary; performance related annual bonus (for 2005 satisfied part in cash and part in shares); a long-term share-related incentive; pension benefits; and other benefits including a healthcare programme and a company car allowance.

With regard to the performance related elements of Executive Director remuneration packages, they are structured to provide significant awards for superior performance.

Main fixed and performance related elements of remuneration effective from 1 January 2006	
Fixed elements	Performance elements
Base salary	Annual bonus
Pension	Performance Share Plan
Benefits (e.g. car allowance, healthcare)	

The total value of the fixed elements of remuneration referred to in the table above represents 133% of base salary. The face value of the performance related elements (annual bonus and long-term incentives) represents 300% of base salary for the CEO (270% for 2005), and 250% of base salary for other Executive Directors (270% for 2005). The level of remuneration actually receivable in respect of the performance related elements will be dependent upon the extent to which the performance conditions are achieved over the relevant performance period.

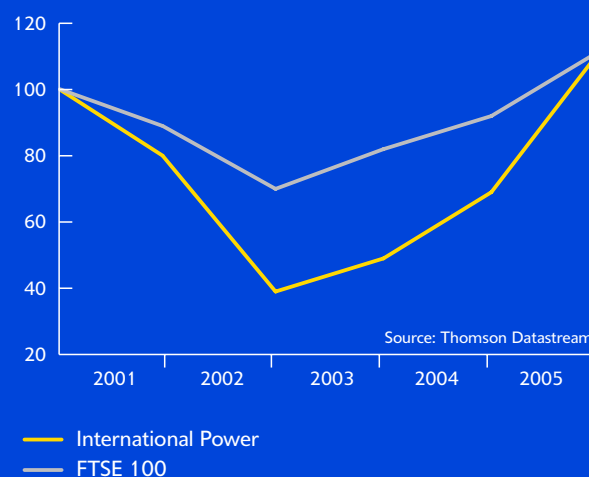
Base salary as at 1 January 2006

As part of our remuneration review, we have undertaken a market benchmarking exercise and it has become clear that our current base pay levels for the Executive Directors are significantly behind our policy position. This is partly because of our acquisitions and partly for historical reasons. We now have a team of experienced and high performing Directors and wish to ensure that their base pay is competitive. We therefore have increased the base pay of our Executive Directors by around 16% with effect from 1 January 2006 in order to bring them closer to the market median. However, we are mindful of shareholders' concerns about escalating base pay and, unless there are changes of role, our intention is that future increases are likely to be in line with inflation and market movements only. Salaries for Executive Directors, effective from 1 January 2006 are set out below:

Name	Salary
Philip Cox	£610,000
Mark Williamson	£360,000
Tony Concannon	£330,000
Steve Riley	£330,000
Bruce Levy	US\$600,000



Pluak Daeng, Thailand



Total shareholder return (TSR)

The graph above shows the TSR performance of International Power's shares relative to the FTSE 100 index from the year 2001 to 2005.

Annual bonus

The International Power annual performance bonus is a non-pensionable payment for achieving targets set by the Remuneration Committee at the start of each financial year. The targets include EPS, cash flow, profit before interest and tax and personal targets. The maximum annual bonus opportunity for Executive Directors was set at 70% of base salary for the performance year 1 January to 31 December 2005. As set out in the last two annual reports, in order to increase the share ownership of Executive Directors and senior management, and to further increase the alignment of the remuneration package to shareholder return, the bonus award for 2005 will be made part in cash and part in shares. The bonus payable for the performance year 2006 will be paid fully in cash (i.e. no longer part in cash and part in shares).

For the 2005 performance period, the Committee reviewed the performance of each Executive Director against their qualitative and quantitative objectives. In addition they agreed that the executive team had worked well in this transformation year, in particular to deliver the benefits of integrating the assets purchased as part of the Edison Mission Energy, Turbogás and Saltend acquisitions whilst maintaining good operational results from the regions.

The Committee agreed that, taking into consideration the above, it would award the Executive Directors the following bonus for 2005.

Name	Bonus	Awarded as	
		Cash	No. of shares
Philip Cox	69%	£181,125	181,125
Mark Williamson	69%	£106,950	106,950
Tony Concannon	61%	£86,925	86,925
Steve Riley	69%	£98,325	98,325
Bruce Levy	69%	£56,869	56,869

The shares referred to above will be released to each Executive Director on 8 March 2006. The details of these payments are set out in the Directors' aggregate remuneration table on page 71.

As part of International Power's share retention arrangements, these shares (less a proportion of the shares sold to meet taxation liabilities) are required to be held until January 2007. An Executive Director may dispose of these shares prior to January 2007 if the value of his total beneficial interest in the shares of the Company is equal to or greater than 100% of his base salary.

For 2006 the maximum target bonus levels have been established on the following basis:

Maximum 2006 bonus achievable						
	Personal	EPS (Group)	Free cash flow (Group)	Profit from operations (Region)	Free cash flow (Region)	Return on equity (Region)
Philip Cox	10%	60%	30%	–	–	–
Mark Williamson	10%	60%	30%	–	–	–
Tony Concannon	10%	25%	10%	25%	15%	15%
Steve Riley	10%	25%	10%	25%	15%	15%
Bruce Levy	10%	25%	10%	25%	15%	15%

Selection of performance criteria

For awards previously made under the terms of the 2002 Performance Share Plan and the Approved, Unapproved and Global Executive Share Option Plans shown on the following pages, the performance conditions have been aligned with the key objective of growth in basic pre-exceptional EPS of the Company.

For future awards under the Performance Share Plan, commencing with the awards made in 2006, the Remuneration Committee has changed the performance measure from solely EPS growth to include an element of Total Shareholder Return (TSR). Therefore, half the award will be subject to a TSR performance condition measured against companies in the FTSE 51-100 grouping and the other half of the award will be subject to achieving specific EPS growth targets. By including a significant TSR element, this change in policy recognises shareholders' wishes to have a relative, market-based measure, such as TSR, when assessing performance.

For the TSR element of the performance measure, 25% of this element of the award will vest for median TSR performance and 100% will vest for upper quartile performance. In addition, before releasing any award in respect of the TSR element, the Remuneration Committee will satisfy itself that the Company's TSR performance is a genuine reflection of the underlying performance of the Company.

For the EPS element of the award, 25% of this element will vest for EPS growth of not normally less than 10% p.a. and 100% will vest for EPS growth of not normally less than 15% p.a. This performance range has been chosen taking into account financial analysts' current expectations but will be reviewed for each award in future years to ensure that it remains challenging. For the 2006 awards, the threshold and maximum performance conditions have been fixed at 21.0p (representing 16% compound growth on 2005 EPS performance) and 24.0p (representing 21% compound growth on 2005 EPS performance) respectively. Straight line pro-rating will apply for performance between the threshold and maximum data points for both the TSR and EPS growth elements.

If one of the above performance measures is not achieved, this will not prevent the vesting of the other half of the award if the relevant performance measure for that other half has been achieved (the level of vesting being subject to the level of performance actually achieved as outlined in the previous paragraph).

For future awards to staff who do not participate in the Performance Share Plan, but are eligible for a grant of Executive Share Option Plans, the performance measure will continue to be EPS growth.

This approach will continue for future awards under the 2002 Performance Share Plan and grants under the Approved, Unapproved and Global Executive Share Option Plans.

The Remuneration Committee will assess objectively the level of performance in respect of any performance condition.

Given that the principal performance measure for the Company's Share Plans is based on growth in EPS, the Committee will also take into account, and adjust appropriately for, the enhancement effects of any purchase and subsequent cancellation of shares, or placing of shares into treasury, by the Company.

Share Plans for Executive Directors: performance conditions

2002 Performance Share Plan

The annual awards made under this Plan will normally vest after the end of a three-year period. Each award attracts a performance condition that, historically, has reflected EPS. The performance conditions for awards made to date are as follows:

Date of award	Performance period	Threshold performance condition	Maximum performance condition	Vesting rate
24 May 2002	1 January 2002 to 31 December 2004	30% of the award will vest if average annual EPS growth over the Performance Period is not less than RPI+7%.	100% of the award will vest if average annual EPS growth over the Performance Period is equal to or greater than RPI+12%.	Vesting will be pro-rated for EPS growth between these two points.
Performance condition not achieved				
10 March 2003 (Philip Cox only*)	1 January 2003 to 31 December 2005	30% of the award will vest if EPS performance for the year ended 31 December 2005 is not less than 9.7p.	100% of the award will vest if EPS performance for the year ended 31 December 2005 is equal to or greater than 11.5p.	Vesting will be pro-rated for EPS performance between these two points.
2005 EPS 13.5p: Performance condition met. 100% of award vested 8 March 2006				
10 March 2003	1 January 2003 to 31 December 2005	30% of the award will vest if EPS performance for the year ended 31 December 2005 is not less than 9.7p.	100% of the award will vest if EPS performance for the year ended 31 December 2005 is equal to or greater than 13.0p.	Vesting will be pro-rated for EPS performance between these two points.
2005 EPS 13.5p: Performance condition met. 100% of award vested 8 March 2006				
2 March 2004	1 January 2004 to 31 December 2006	30% of the award will vest if EPS performance for the year ended 31 December 2006 is not less than 8.2p.	100% of the award will vest if EPS performance for the year ended 31 December 2006 is equal to or greater than 11.5p.	Vesting will be pro-rated for EPS performance between these two points.
11 March 2005	1 January 2005 to 31 December 2007	30% of the award will vest if EPS performance for the year ended 31 December 2007 is not less than 13.7p.	100% of the award will vest if EPS performance for the year ended 31 December 2007 is equal to or greater than 15.0p.	Vesting will be pro-rated for EPS performance between these two points.

* As part of the Company's 2003 succession management plan, a special conditional award was made in March 2003 to Philip Cox.

Philip Cox received an annual incentive conditional award of shares to the value of 100% of his base salary, subject to performance conditions, in 2002, 2003, 2004 and 2005. Mark Williamson, Tony Concannon and Steve Riley participated in the 2002 and 2003 awards up to 50% of their base salary and, following their appointment as Executive Directors, received a conditional award of 100% of their base salary in the 2004 and 2005 awards. Bruce Levy received a conditional award of 100% of his base salary in the 2005 award.

2006 awards

After the release of its preliminary results, and in accordance with the new policy, the Company will award Philip Cox 200% of his base salary in conditional shares under the 2002 Performance Share Plan. Mark Williamson, Tony Concannon, Steve Riley and Bruce Levy will be awarded 150% of their base salary in conditional shares under the 2002 Performance Share Plan. This award is subject to the performance conditions described on page 66. Shares will vest subject to the Remuneration Committee being satisfied with the level of achievement of the applicable performance condition.

Approved, Unapproved and Global Executive Share Option Plans

Pre-Demerger 'Legacy' Share Option Plans

In accordance with the rules at the time, there are no performance conditions attached to the National Power 'Legacy' Unapproved Options granted to Tony Concannon and Steve Riley prior to the demerger of National Power.

International Power Share Option Plans

The options granted under these Plans will normally become exercisable after the end of a three-year period. Each grant attracts a performance condition that reflects EPS. There is no retesting of performance conditions applicable to each option grant. The performance conditions for options granted to date are as follows:

Date of award	Performance period	Threshold performance condition	Maximum performance condition	Vesting rate
3 October 2000	1 January 2001 to 31 December 2003	Fully exercisable if average annual growth in normalised earnings per International Power share for the financial reporting period ending on 31 December 2000 to the reporting period ending on 31 December 2003 is equal to or exceeds 7%.		
24 March 2001	1 January 2001 to 31 December 2003	Performance condition achieved.		
24 May 2002	1 January 2002 to 31 December 2004	Fully exercisable if average annual EPS growth over the Performance Period (being 1 January 2002 to 31 December 2004) is not less than RPI+4%.		
		Performance condition not achieved.		
10 March 2003	1 January 2003 to 31 December 2005	30% of the award will be exercisable if EPS performance for the year ending 31 December 2005 is not less than 9.7p.	100% of the award will be exercisable if EPS performance for the year ending 31 December 2005 is equal to or greater than 11.5p.	Vesting will be pro-rated for EPS performance between these two points.
		2005 EPS 13.5p: Performance condition met, 100% of award exercisable from 10 March 2006.		
2 March 2004	1 January 2004 to 31 December 2006	Fully exercisable if EPS for the 2006 financial year is not less than 8.7p.		
11 March 2005	1 January 2005 to 31 December 2007	30% of the award will be exercisable if EPS performance for the year ending 31 December 2007 is not less than 13.7p.	100% of the award will be exercisable if EPS performance for the year ending 31 December 2007 is equal to or greater than 14.5p.	Vesting will be pro-rated for EPS performance between these two points.

Philip Cox participates in 2002, 2003, 2004 and 2005 share option grants to the value of 100% of his base salary. Mark Williamson, Tony Concannon and Steve Riley participate in the 2000, 2001, 2002 and 2003 share option grants to the value of 50% of their base salary and, following their appointment as Executive Directors, up to 100% of their base salary for 2004 and 2005. Bruce Levy participates in the 2005 option grant to the value of 100% of his base salary.

2006 Executive Share Options

Executive Directors will not be eligible to participate in this and future annual grants of Executive Share Options. However, after the release of its preliminary results, the Company will grant eligible other staff up to 50% of their base salary in Executive Share Options under the Approved, Unapproved, and Global Executive Share Option Plan. The exercise of these options will be subject to an EPS performance condition.

As a result of the 2005 performance conditions being met, the following shares under the Performance Share Plan will be released to the Executive Directors on 8 March 2006; also the following Executive Share Options become exercisable from 10 March 2006:

	Performance Share Plan	Executive Share Option Plan
Philip Cox	759,169	561,616
Mark Williamson	99,164	99,164
Tony Concannon	67,994	67,994
Steve Riley	88,505	88,505

Directors' service contracts

Service contract – Philip Cox

Philip Cox has a service contract subject to 12-months' notice by the Company. For termination other than for cause, he may receive a payment of 125% of annual basic salary (which includes the 12-months' notice) to take account of the value of contractual benefits. The date upon which this contract was entered into was 25 February 2003.

Service contracts – Mark Williamson, Steve Riley and Tony Concannon

Mark Williamson, Steve Riley and Tony Concannon have service contracts which are subject to 12-months' notice by the Company. For termination by the Company, these Executive Directors may receive a payment of 125% of annual basic salary (which includes the 12-months' notice) which will be paid on a monthly basis until the Executive Director secures alternative employment, up to a maximum of 12 monthly payments. The date upon which these contracts were entered into was 23 February 2004.

Appointment agreement – Bruce Levy

Bruce Levy has a US appointment agreement which is subject to 12-months' notice by the Company. For termination by the Company, he may receive a payment of 125% of annual basic salary (which includes the 12-months' notice) which will be paid on a monthly basis until he secures alternative employment, up to a maximum of 12 monthly payments. The date upon which his agreement was entered into was 21 December 2005.

Service contracts – Non-Executive Directors

The Chairman of International Power plc, Sir Neville Simms, has a letter of appointment with a 12-month notice period. The letter of appointment was signed on 22 February 2000. The other Non-Executive Directors are appointed on a three-year fixed-term, annual fixed-fee basis. Their appointment is reviewed at the end of each three-year period and extended for a period of one to three years if both parties agree.

The following table summarises the appointment and termination dates for Directors:

	Date contract entered into	Contract expiry
Non-Executive Directors		
Sir Neville Simms	22 February 2000	12-months' notice
Tony Isaac	2 October 2000	AGM May 2006
Adri Baan	30 May 2002	AGM May 2006
Jack Taylor	2 October 2000	AGM May 2006
Struan Robertson	27 September 2004	AGM May 2008

Sir Neville Simms' contract will expire at the 2010 AGM, following his 65th birthday, or earlier, subject to the above notice period.

Executive Directors

Philip Cox	25 February 2003	12-months' notice
Mark Williamson	23 February 2004	12-months' notice
Tony Concannon	23 February 2004	12-months' notice
Steve Riley	23 February 2004	12-months' notice
Bruce Levy	21 December 2005	12-months' notice

Executive Director service contracts automatically terminate on the date they reach normal retirement age which is 22 September 2011 for Philip Cox, 16 December 2015 for Bruce Levy, 29 December 2017 for Mark Williamson, 16 August 2021 for Steve Riley and 17 December 2023 for Tony Concannon.

Non-Executive Directors' fees and shareholding requirements

In order to maintain our Non-Executive Director fee levels at a comparable scale to the market place, the Board have decided to increase Non-Executive Director annual fees with effect from 1 January 2006 (last increased in July 2003). It has also been agreed that Non-Executive Directors will no longer be required to use a proportion of their fee to purchase International Power shares. The fees for 2006 are set out below:

Sir Neville Simms	£250,000
Tony Isaac	£60,000
Adri Baan	£55,000
Jack Taylor	£45,000
Struan Robertson	£45,000

The above fees for the Non-Executive Directors comprise a basic fee, which covers Board membership (i.e. attendance at Board meetings, general duties as Directors, and their membership of Board Committees) of £45,000, a fee of £10,000 per annum for chairing each of the Audit and Remuneration Committees and a fee of £5,000 per annum for acting as Senior Independent Director.

The 2005 fees are set out in the Directors' aggregate remuneration table on page 71. The shares acquired by the Chairman and Non-Executive Directors under their former fee arrangement will, as part of their shareholding requirement, be required to be held until their appointment terminates. As part of this arrangement, the Chairman and Non-Executive Directors acquired the following shares in March 2005:

Sir Neville Simms	11,469
Tony Isaac	4,909
Adri Baan	4,909
Jack Taylor	3,269
Struan Robertson	3,214

Save as set out above, no remuneration or other benefits are provided as consideration for the performance of their duties.

Audit

The detail of the Directors' remuneration, pensions and interests in share options and long-term incentive plans as disclosed on pages 70 to 75 have been audited by the Company's external auditors.

Directors' pension benefits

The pension arrangements for Philip Cox and Mark Williamson are provided through the Senior Section of the International Power Group of the Electricity Supply Pension Scheme, which is a scheme approved by the Inland Revenue. The scheme provides for: a normal retirement age of 60; an accrual rate of one thirtieth of pensionable salary; four times salary death-in-service benefits; a widow's pension of two-thirds of executive's pension; and executive's contribution of 6% of salary up to 15% of Inland Revenue earnings limits.

The benefits provided through the scheme are restricted by Inland Revenue earnings limits. These arrangements are supplemented by the Company making contributions to life assurance cover and a Funded Unapproved Retirement Benefit Scheme, up to a cost to the Company of 30% of salary (which includes the cost of the benefit provided through the Senior Section of the International Power Group of the Electricity Supply Pension Scheme). With effect from 1 January 2006, this cost ceiling has been increased to 33%.

The pension arrangements for Tony Concannon and Steve Riley are also provided through the Senior Section of the International Power Group of the Electricity Supply Pension Scheme. As they are not restricted by the Inland Revenue earnings limit, the scheme provides for them: a normal retirement age of 60; an accrual rate of one forty-fifth of pensionable salary; four times salary death-in-service benefits; a widow's pension of two-thirds of executive's pension; and executive's contribution of 6% of salary. The Company does not supplement this arrangement.

	Accrued benefit Increase in year			Transfer value of accrued benefit			Transfer value of increase in accrued pension excluding inflation less Directors' contributions
	At 31 December 2005	Including inflation	Excluding inflation	At 31 December 2005	At 31 December 2004	Increase less Directors' contributions	
	£	£	£	£	£	£	£
Philip Cox	11,200	4,000	3,800	194,000	106,400	71,900	49,600
Mark Williamson	18,700	4,000	3,600	257,000	164,100	77,200	33,400
Steve Riley	85,100	19,900	17,900	1,090,100	686,100	387,200	212,100
Tony Concannon	79,900	18,600	16,700	920,300	579,600	323,900	175,600

- The pension entitlement shown is that which would be paid annually on retirement based on service to the end of 2005. In addition to the pension shown above for service prior to 2 October 2000, Mark Williamson has an entitlement to an accrued lump sum of £336, Steve Riley has an entitlement to an accrued lump sum of £160,576, and Tony Concannon has an entitlement to an accrued lump sum of £152,407. The normal retirement age is 60.
- Dependants' pensions on death are 58% of members' pension in respect of service prior to 2 October 2000 and two-thirds of members' pension in respect of service thereafter. On death in service a lump sum of four times salary is payable. On death within the first five years of retirement, a lump sum is payable equal to the balance outstanding of the first five years' pension payments.
- Post-retirement increases are expected to be in line with inflation (guaranteed up to the level of 5% p.a. and discretionary above that level).
- The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.
- Members of the pension scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.
- In addition to the above entitlements, during the year contributions to a funded unapproved retirement benefit scheme were £94,630 in respect of Philip Cox, and £62,725 in respect of Mark Williamson.

The Committee is considering the implications of the change in pensions legislation, which will be effective from 1 April 2006. However, no compensatory payments will be made to Directors to reflect these changes in legislation.

The pension arrangements for Bruce Levy are provided through a 401k Savings Plan, a Retirement Plan and a Supplemental Retirement Plan, which are money purchase schemes operated by American National Power, up to a cost to the Company of 30% of salary. With effect from 1 January 2006, this cost ceiling has been increased to 33%.

2005 Directors' remuneration and interests

Directors' aggregate remuneration

The table below shows the aggregate remuneration of the Directors of International Power plc for the year ended 31 December 2005.

	Salary	Fees	Performance related bonus – cash	Performance related bonus – shares	Payment in lieu of pension	Other benefits	Aggregate remuneration year to 31 December 2005	Aggregate remuneration year to 31 December 2004
	£	£	£	£	£	£	£	£
Sir Neville Simms	–	210,000	–	–	–	–	210,000	210,000
Philip Cox	525,000	–	181,125	518,923	101,325	16,024	1,342,397	979,401
Mark Williamson	310,000	–	106,950	306,412	64,480	13,331	801,173	526,859
Tony Concannon	285,000	–	86,925	249,040	–	107,183	728,148	520,586
Steve Riley	285,000	–	98,325	281,701	–	100,035	765,061	556,179
Bruce Levy	164,838	–	56,869	162,930	49,451	19,817	453,905	–
Tony Isaac	–	50,000	–	–	–	–	50,000	50,000
Adri Baan	–	45,000	–	–	–	–	45,000	45,000
Jack Taylor	–	40,000	–	–	–	–	40,000	40,000
Struan Robertson	–	40,000	–	–	–	–	40,000	10,000
Total	1,569,838	385,000	530,194	1,519,006	215,256	256,390	4,475,684	2,938,025

- The International Power plc Non-Executive Directors' basic fee, which covers Board membership (i.e. attendance at Board meetings, general duties as Directors, and their membership of Board Committees) was £40,000. In addition, Tony Isaac received an additional fee of £5,000 per annum for his role as Senior Independent Director. Tony Isaac also received £5,000 per annum for his role as Chairman of the Audit Committee, and Adri Baan received an additional fee of £5,000 per annum for his role as Chairman of the Remuneration Committee. Struan Robertson joined the Company on 1 October 2004.
- Sir Neville Simms' fee for 2005 was £210,000 per annum.
- For Philip Cox, the payment in lieu of pension detailed in the above table sets out the contributions made to his death-in-service insurance premium and Funded Unapproved Retirement Benefits Scheme. He also received a company car allowance and private medical insurance, both of which are included in 'Other benefits'. The value of the performance related bonus shares in the above table has been calculated using a share price of 286.50p (being the closing price on 3 March 2006).
- For Mark Williamson, the payment in lieu of pension detailed in the above table sets out the contributions made to his death-in-service insurance premium and Funded Unapproved Retirement Benefits Scheme. He also received a company car allowance and private medical insurance, both of which are included in 'Other benefits'. The value of the performance related bonus shares in the above table has been calculated using a share price of 286.50p (being the closing price on 3 March 2006).
- Tony Concannon was appointed an Executive Director on 1 January 2004. He received a company car allowance and private medical insurance, both of which are included in 'Other benefits'. Also included in 'Other benefits' is the value of his relocation and expatriate support. The value of the performance related bonus shares in the above table has been calculated using a share price of 286.50p (being the closing price on 3 March 2006). In addition, International Power Australia Pty Ltd incurs local charges regarding taxation of remuneration. For 2005, this cost is £318,028 (2004: £167,213). Tony Concannon funded 57.9% (2004: 64.9%) of these costs.
- Steve Riley was appointed an Executive Director on 1 January 2004. He received a company car allowance and private medical insurance, both of which are included in 'Other benefits'. Also included in 'Other benefits' is the value of his relocation and repatriation support. The value of the performance related bonus shares in the above table has been calculated using a share price of 286.50p (being the closing price on 3 March 2006).
- Bruce Levy was appointed an Executive Director on 1 June 2005. His salary from that date is included in the above table. The payment in lieu of pension detailed in the above table sets out the contributions made to Bruce Levy's 401k Savings Plan, a Retirement Plan and a Supplemental Retirement Plan. He also received a company car allowance and private medical insurance, both of which are included in 'Other benefits'. Also included in 'Other benefits' is the value of his relocation support. The value of the performance related bonus shares in the above table has been calculated using a share price of 286.50p (being the closing price on 3 March 2006). The values shown in the above table have been converted from US dollar to sterling using the average annual exchange rate of 1.82 (see page 39).

The following information shows the interests of the Directors as at the end of the financial year in the Company's Long-Term Incentive Plans, Executive Share Option Plans and the Sharesave Plan. The table includes Bruce Levy who was appointed an Executive Director on 1 June 2005.

Long-term incentive plans

2002 Performance Share Plan

Directors who served during the year

	No. of shares under award as at 1 January 2005	Conditional awards made /(lapsed) during the year	Date of award	Market value of an Ordinary Share as at date of award (pence)	End of performance period	No. of shares under award as at 31 December 2005
Philip Cox	167,051	(167,051)	24 May 2002	174.50	31 December 2004	–
	759,169	–	10 March 2003	62.32	31 December 2005	759,169
	384,529	–	2 March 2004	123.53	31 December 2006	384,529
	–	292,887	11 March 2005	179.25	31 December 2007	292,887
Total awards	1,310,749	125,836				1,436,585
Mark Williamson	35,415	(35,415)	24 May 2002	174.50	31 December 2004	–
	99,164	–	10 March 2003	62.32	31 December 2005	99,164
	202,384	–	2 March 2004	123.53	31 December 2006	202,384
	–	172,942	11 March 2005	179.25	31 December 2007	172,942
Total awards	336,963	137,527				474,490
Tony Concannon	24,282	(24,282)	24 May 2002	174.50	31 December 2004	–
	67,994	–	10 March 2003	62.32	31 December 2005	67,994
	190,240	–	2 March 2004	123.53	31 December 2006	190,240
	–	158,995	11 March 2005	179.25	31 December 2007	158,995
Total awards	282,516	134,713				417,229
Bruce Levy ⁽¹⁾	–	158,995	11 March 2005	179.25	31 December 2007	158,995
Total awards	–	158,995				158,995
Steve Riley	31,608	(31,608)	24 May 2002	174.50	31 December 2004	–
	88,505	–	10 March 2003	62.32	31 December 2005	88,505
	190,240	–	2 March 2004	123.53	31 December 2006	190,240
	–	158,995	11 March 2005	179.25	31 December 2007	158,995
Total awards	310,353	127,387				437,740

⁽¹⁾ On appointment as a Director 1 June 2005

Executive share options

Directors who served during the year

	No. of shares under option as at 1 January 2005	Granted / (lapsed)	Exercise price per share (pence)	Exercise period from	Exercise period to	No. of shares under option as at 31 December 2005
Philip Cox	17,191 ⁽¹⁾		174.50	24.05.2005	24.05.2012	17,191
	149,859 ⁽²⁾		174.50	24.05.2005	24.05.2012	149,859
	561,616 ⁽²⁾		62.32	10.03.2006	10.03.2013	561,616
	384,529 ⁽²⁾		123.53	02.03.2007	02.03.2014	384,529
		292,887 ⁽²⁾	179.25	11.03.2008	11.03.2015	292,887
Total options	1,113,195	292,887				1,406,082
Mark Williamson	5,403 ⁽¹⁾		277.55	02.10.2003	02.10.2010	5,403
	30,624 ⁽²⁾		277.55	02.10.2003	02.10.2010	30,624
	7,168 ⁽¹⁾		209.22	22.03.2004	22.03.2011	7,168
	16,728 ⁽²⁾		209.22	22.03.2004	22.03.2011	16,728
	35,415 ⁽²⁾		174.50	24.05.2005	24.05.2012	35,415
	99,164 ⁽²⁾		62.32	10.03.2006	10.03.2013	99,164
	202,384 ⁽²⁾		123.53	02.03.2007	02.03.2014	202,384
		172,942 ⁽²⁾	179.25	11.03.2008	11.03.2015	172,942
Total options	396,886	172,942				569,828
Tony Concannon	7,189 ⁽³⁾		287.76	23.12.1999	23.12.2006	7,189
	6,950 ⁽³⁾		343.73	02.12.2000	02.12.2007	6,950
	7,873 ⁽³⁾		313.92	01.12.2001	01.12.2008	7,873
	3,377 ⁽¹⁾		277.55	02.10.2003	02.10.2010	3,377
	19,139 ⁽²⁾		277.55	02.10.2003	02.10.2010	19,139
	4,480 ⁽¹⁾		209.22	22.03.2004	22.03.2011	4,480
	10,455 ⁽²⁾		209.22	22.03.2004	22.03.2011	10,455
	6,447 ⁽¹⁾		174.50	24.05.2005	24.05.2012	6,447
	17,835 ⁽²⁾		174.50	24.05.2005	24.05.2012	17,835
	67,994 ⁽²⁾		62.32	10.03.2006	10.03.2013	67,994
	190,240 ⁽²⁾		123.53	02.03.2007	02.03.2014	190,240
		158,995 ⁽²⁾	179.25	11.03.2008	11.03.2015	158,995
Total options	341,979	158,995				500,974
Bruce Levy		158,995 ⁽⁴⁾⁽⁵⁾	179.25	11.03.2008	11.03.2015	158,995
Total options		158,995				158,995
Steve Riley	12,722 ⁽³⁾	(12,722)	272.55	13.12.1998	13.12.2005	–
	12,302 ⁽³⁾		287.76	23.12.1999	23.12.2006	12,302
	12,001 ⁽³⁾		343.73	02.12.2000	02.12.2007	12,001
	13,904 ⁽³⁾		313.92	01.12.2001	01.12.2008	13,904
	5,674 ⁽¹⁾		277.55	02.10.2003	02.10.2010	5,674
	32,155 ⁽²⁾		277.55	02.10.2003	02.10.2010	32,155
	6,810 ⁽¹⁾		209.22	22.03.2004	22.03.2011	6,810
	18,282 ⁽²⁾		209.22	22.03.2004	22.03.2011	18,282
	31,608 ⁽²⁾		174.50	24.05.2005	24.05.2012	31,608
	88,505 ⁽²⁾		62.32	10.03.2006	10.03.2013	88,505
	190,240 ⁽²⁾		123.53	02.03.2007	02.03.2014	190,240
		158,995 ⁽²⁾	179.25	11.03.2008	11.03.2015	158,995
Total options	424,203	146,273				570,476

(1) International Power Approved Executive Share Options

(2) International Power Unapproved Executive Share Options

(3) National Power 'Legacy' Unapproved Executive Share Options

(4) International Power Global Executive Share Options

(5) On appointment as a Director 1 June 2005

Sharesave Options

Directors who served during the year

	No. of shares under option as at 1 January 2005	Granted during the year	Exercised during the year	Exercise price per share	Exercise period from	Exercise period to	No. of shares under option as at 31 Dec 2005
Philip Cox	20,499	–	–	80.12p	24 December 2007	24 June 2008	20,499
Mark Williamson	11,793	–	–	80.12p	24 December 2005	24 June 2006	11,793
Tony Concannon	9,435	–	9,435	80.12p	24 December 2005	24 June 2006	–
Steve Riley	11,793	–	11,793	80.12p	24 December 2005	24 June 2006	–

The middle market quotation for an Ordinary Share of the Company on 31 December 2005 was 239.50p and the daily quotations during the financial year ranged from 153.50p to 252.25p.

Shares held in trust

As at 31 December 2005, a total of 2,081,573 Ordinary Shares of the Company were held in two separate Employee Share Ownership Trusts (31 December 2004: 3,398,444). The Directors (together with all other employees of the Company and its subsidiaries) have an interest in all of these shares as they are potential beneficiaries. No shares have been purchased and placed into trust in the year ended 31 December 2005 (2004: 571,710 shares).

Summary of long-term incentive plans

Directors as at 31 December 2005

Award date	No. of shares under award	Market value at date of award	Prospective date of vesting
10 March 2003	1,014,832	62.32p	March 2006
2 March 2004	967,393	123.53p	March 2007
11 March 2005	942,814	179.25p	March 2008
Total	2,925,039		

Details of the performance conditions that apply with respect to the ability to exercise options under both the Approved and Unapproved Executive Share Option Plans, detailed below, are given on page 68.

Summary of Unexercised Executive Share Options

Grant date	No. of Options	Exercisable price	Date exercisable
23 December 1996 ⁽³⁾	19,491	287.76p	1999–2006
2 December 1997 ⁽³⁾	18,951	343.73p	2000–2007
1 December 1998 ⁽³⁾	21,777	313.92p	2001–2008
3 October 2000 ⁽¹⁾	14,454	277.55p	2003–2010
3 October 2000 ⁽²⁾	81,918	277.55p	2003–2010
22 March 2001 ⁽¹⁾	18,458	209.22p	2004–2011
22 March 2001 ⁽²⁾	45,465	209.22p	2004–2011
24 May 2002 ⁽¹⁾	23,638	174.50p	2005–2012
24 May 2002 ⁽²⁾	234,717	174.50p	2005–2012
10 March 2003 ⁽²⁾	817,279	62.32p	2006–2013
2 March 2004 ⁽²⁾	967,393	123.53p	2007–2014
11 March 2005 ⁽²⁾	942,814	179.25p	2008–2015
Total	3,206,355		

⁽¹⁾ Approved Executive Share Options

⁽²⁾ Unapproved Executive Share Options

⁽³⁾ National Power 'Legacy' Unapproved Executive Share Options

Summary of Unexercised Sharesave Options

Directors as at 31 December 2005

Grant date	No. of Options	Exercisable price	Date exercisable
1 October 2002	11,793	80.12p	24 Dec 2005–24 June 2006
1 October 2002	20,499	80.12p	24 Dec 2007–24 June 2008
Total	32,292		

Directors' beneficial interests

Directors as at 31 December 2005

Director	As at 31 December 2005			As at 1 January 2005 (or date of appointment if later)		
	Ordinary Shares	Executive Options	Sharesave Options	Ordinary Shares	Executive Options	Sharesave Options
Sir Neville Simms	178,220	–	–	166,751	–	–
Philip Cox	173,360	1,406,082	20,499	89,285	1,113,195	20,499
Mark Williamson	105,818	569,828	11,793	61,568	396,886	11,793
Tony Concannon	71,992	500,974	–	20,962	341,979	9,435
Bruce Levy ⁽¹⁾	30,000	158,995	–	15,000	158,995	–
Steve Riley	94,932	570,476	–	41,522	424,203	11,793
Adri Baan	38,801	–	–	33,892	–	–
Tony Isaac	25,501	–	–	20,592	–	–
Jack Taylor	16,549	–	–	13,280	–	–
Struan Robertson	3,163	–	–	–	–	–

No Director had, at any time during the financial year, any beneficial interest in the shares of any subsidiaries.

The following changes have occurred to the Directors' share interests since the year end:

On 4 January 2006 the Company granted the following Sharesave Options to the following Directors of the Company: Tony Concannon 8,050 options⁽²⁾; Steve Riley 4,675 options⁽²⁾; Mark Williamson 8,050 options⁽²⁾; Bruce Levy 8,050 options⁽³⁾. The option exercise price is 200.00p per share.

⁽¹⁾ Date of appointment as Director 1 June 2005

⁽²⁾ Sharesave Plan

⁽³⁾ Global Sharesave Plan

No other changes to Directors' share interests have taken place between 31 December 2005 and 6 March 2006.



Adri Baan

Chairman of the Remuneration Committee

On behalf of the Board of Directors of International Power plc

6 March 2006