

OUR BUSINESS MODELS

Aggreko is organised around two different business models:

Local business

Our Local business runs with high volumes of generally quite low value transactions, renting equipment to enable customers to respond quickly to requirements for power and temperature control. Aside from major events (where contracts can be worth tens of millions of pounds), the average contract size is around £10,000, but the range is from £200 to over £1,000,000. Although most of this business has a lead-time of 24 hours or more, about 25% of its revenues come from responding to emergencies. It is therefore essential to have the capability to deploy equipment and people to the customer's site within a matter of hours. This business operates from 148 service centres in North, Central & South America, Europe, the Middle East, Africa, Asia and Australasia. These service centres serve customers who are normally within a radius of 200 miles, and they offer the complete range of our products and services.

In 2010, the Local business had revenues of £696 million which is 60% of Aggreko's total revenue excluding pass-through fuel¹.

International Power Projects

The International Power Projects business sells power which we deliver using power plants built, owned and operated by ourselves. Whereas in the Local business a contract with a customer is described in terms of renting specified items of equipment for a period of time, most of the contracts that International Power Projects performs are for providing a defined amount of electrical power, for which a customer pays a fixed monthly capacity charge; they then pay, in addition, a variable charge for each MW-hour they take. Under the terms of these contracts, Aggreko is responsible for installing

and operating the equipment and the invoice to the customer is for power generation capacity not equipment rented. Most projects in this business are worth over £1 million a year and some can be worth very much more than that; in 2010, we invoiced our largest utility customer (excluding pass-through fuel) around £70 million. 75% of revenue comes from power utilities in developing countries but we also serve governments, armed forces, international agencies as well as oil and mining companies. A typical contract in this business would be for the rental of 20-50MW for an initial period of 6-9 months, which will often be extended. Our power-plants are highly modular, and their capacity can be flexed in 1MW increments using standard containerised units of our own proprietary design, assembled in our factory in Scotland; importantly, these generators are also in widespread use in the Local business, so fleet can be shared between the two businesses. They use either diesel or gas as fuel and are designed to be easily transportable, reliable and robust. Power projects can arise anywhere in the world and the required response time is generally weeks rather than the hours or days needed in the Local business. To support these projects, we concentrate our fleet in a number of hubs – in Central America, Europe, the Middle East and Asia. From each hub, large amounts of equipment can be shipped or flown rapidly to wherever it is needed.

In 2010, our International Power Projects business generated revenues of £460 million, or 40% of Aggreko's total revenue excluding pass-through fuel revenue¹.

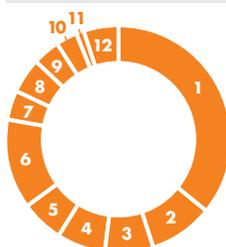
Who are our customers?

Aggreko serves every industry that uses power and temperature control, making our customer-base very diverse both in terms of geography and market segment. This is a great advantage, as it gives us some protection against problems in any one particular market. And we can quickly move resources to sectors and countries which are growing.

¹ Pass-through fuel revenue relates to contracts in our International Power Projects business in Uganda where we provide fuel on a pass-through basis.

Aggreko revenue by customer segment

Excluding pass-through fuel revenue

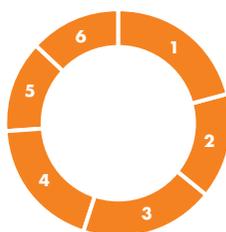


1 Utilities	36%
2 Oil and gas	9%
3 Military	7%
4 Petrochemical & refining	7%
5 Manufacturing	6%
6 Events	13%
7 Construction	4%
8 Contracting	5%
9 Services	4%
10 Quarrying & mining	3%
11 Shipping	1%
12 Other	5%

Source: Aggreko internal reports

Aggreko revenue by geography

Excluding pass-through fuel revenue



1 North America	21%
2 Europe	15%
3 Middle East	19%
4 Africa	19%
5 Asia and Australasia	13%
6 South & Central America	13%

Source: Aggreko internal reports

Competitive environment

When customers need power or temperature control equipment, they have the choice to buy, lease or rent, and therefore the biggest competitors for our customers' money are not rental companies, but equipment manufacturers. The vast majority of chillers and generators supplied to end-users each year are bought or leased, and only a few are rented. So, in terms of pricing and service, we always have to be focused on the fact that customers have a choice, not only of using other rental companies, but also to buy from manufacturers. The defining issues in the choice between buying and renting tend to be speed – how quickly do you need it? – and duration – how long do you need it for? Urgent need, and/or short duration, is the requirement that we as a rental business serve.

Within the Local business, barriers to entry are relatively low; many companies, small and large, drift in and out of rental, and competition in each market is fierce. Typically, competitors in the Local business are either privately-owned specialist rental businesses, or divisions of large plant-hire companies. Their common characteristic is that they are local: most of them operate in a single country and, often, in just a particular part of a country. In their own territory they are very effective, but they find it difficult to operate outside their home market. So in most areas in which we operate, competition in the Local business is fierce; but the names we do battle with will tend to be different country by country.

In International Power Projects we also see localised competition, often from the local distributors of major manufacturers such as Caterpillar, or from local entrepreneurs who want to try their hand at power generation. These companies find it hard to organise themselves across territories, however, and it is difficult to operate efficiently in the International Power Projects business without a large homogenous fleet and the infrastructure to market, sell and operate it in a consistent manner around the world.

In both the Local business and International Power Projects valuable economies of scale accrue to those who can operate on a global basis. However, to gain these benefits of global scale requires a very long-term commitment to building distribution, deep technical expertise across a number of disciplines, and a well developed supply-chain; it also requires hundreds of millions of pounds of capital to fund fleet investment. Some people have the misconception that Aggreko has grown from nothing over a short period of time; to the contrary, Aggreko was founded 50 years ago, and it has taken us decades, several billion pounds of cumulative investment in fleet and a global network of service centres to get to the point where we are big enough to enjoy the benefits of global scale. Over the last 10 years, some very large and powerful companies who have global scale in adjacent markets have tried to emulate Aggreko but none have yet succeeded in building a global integrated power and temperature control business of the same scale. Aggreko is, at the moment, the only business in the market which has grown large enough to capture the economies of global scale and, in turn, these efficiencies have enabled us to fund rates of investment far ahead of any competitor. As a consequence of this rate of investment, we have grown to be significantly larger than any other company operating in our market.

THE MARKET

Our market

Demand for Aggreko's services is created by events: our customers generally turn to us when something unusual happens which means they need power or temperature control quickly, or there is a requirement which is transitory. Events that stimulate demand range from the very large and infrequent to the small and recurrent.

Examples of high-value, infrequent events or situations we have worked on include:

- Large-scale power shortage – Kenya, Bangladesh and Venezuela.
- Major sporting occasions – Olympic Games, FIFA World Cup, Asian Games, Ryder Cup, SuperBowl.
- Natural disasters – Hurricanes Gustav and Ike in 2008, Nashville floods in 2010.
- Post-conflict re-construction – Middle East, Africa and the Balkans.

Examples of lower-value, more frequent events on which we might work are:

- An oil refinery needs additional cooling during the summer to maintain production throughput.
- A glass manufacturer suffers a breakdown in its plant and needs power while its own equipment is being repaired.
- A city centre needs chillers to create an ice-rink for the Christmas period.

How big is the market, and what is our market share?

Because we operate in very specific niches of the rental market – power, temperature control and, in North America only, oil-free compressed air – and across a very broad geography, it is very difficult to determine with any accuracy the size of our market. A complicating fact is that our own activities serve to create market demand – Bangladesh and Indonesia did not figure highly in our estimates of market size a few years ago, but they are now important customers as a result of our sales efforts. Furthermore, our market is event driven, and major events such as hurricanes in North America, the Olympic Games, or major droughts in Africa can influence market size in the short-term.

As there is no third-party research that exactly matches our business, we have to use a number of different approaches to estimate the size of the global market. All of our measurements of market size relate to rental revenue, as services revenues like fuel and freight are highly volatile and do not have any reflection on underlying market size.

For most OECD countries in which we operate, we use three techniques:

- Supply-side estimation. We use market intelligence to estimate the supply-side – i.e. how large our competitors are. This is notoriously inaccurate, as competitors often have much broader product ranges. It is extremely difficult to work out how much of their revenue comes specifically from generators and chillers, and how much from the many other lines of equipment they may offer.
- Demand-side estimation. In our Local business, our global IT system and a much sharper emphasis on sector-based marketing, are helping us to develop an improved understanding of our revenue by sector and customer. For our International Power Projects business, we have invested considerable effort in proprietary research with professional economists to develop models which forecast the supply of, and demand for, power.
- Third-party data, where it is available.

By triangulating these techniques, we develop an estimate of market size but the truth is that it is a guess, and probably not a very accurate one. In 2003, we did a great deal of work on market sizing, and came to the conclusion that the market was worth about £1.3 billion and was growing at about 5%. Since then, our own rental revenues have grown at a compound annual rate (CAGR) of 21%, which would imply either that our market share has grown improbably fast, that the original market size was wrong or that we under-estimated the growth-rate. In all probability, the truth is a mixture of all three factors. Our best guess is that the market in which we operate is now worth somewhere around £3.5 billion per year.

Given our rental revenues of £941 million in 2010, this would imply an Aggreko world-wide share of sales of around 25%. Behind this lies enormous variation. In many developing countries, where the rental market is barely developed, and where we are called in to provide temporary utility power, we may represent 100% of the power rental market for the period of the project but none when it ends. In OECD countries, where the rental markets are better developed, our share of the market will be lower than the 25% we estimate for our global share of the market. However, in nearly all the major markets in which we operate, Aggreko is the largest or second-largest player.

What drives market growth in the Local business?

Growth in Aggreko's Local business is driven by three main factors:

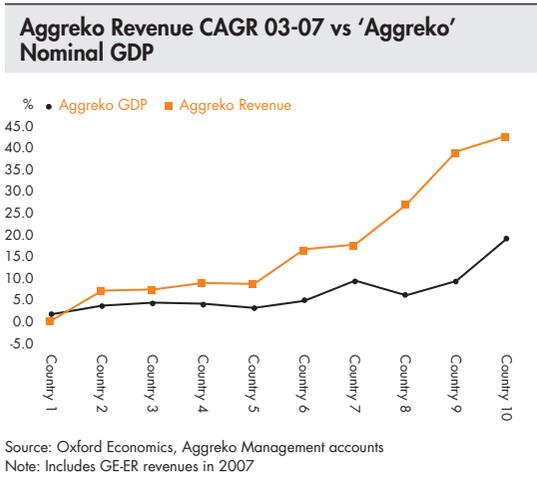
- GDP – as an economy grows, so does demand for energy.
- Propensity to rent – how inclined people are to rent rather than buy. This is driven by issues such as the tax treatment of capital assets and the growing awareness and acceptance of outsourcing.
- Events – high-value/low-frequency events change the size of a market, although only temporarily. For example, the scale of Hurricanes Gustav and Ike in 2008 led to a short-term surge in temporary power demand in the areas affected by the hurricanes; likewise, the FIFA World Cup vastly increased the market for power rental in South Africa, but for 6 months only.

In seeking to understand the drivers of growth better, we have devised the concept of 'Aggreko GDP'; this is the GDP of a country weighted to account for Aggreko's sectoral mix of revenues. Typically, this means that we are weighted more towards manufacturing than, say, financial services. Over the past few years, we have observed that in countries where the growth rate of Aggreko GDP is below 5%, our revenues tend to grow at 2-3 percentage points faster than the rate of Aggreko GDP. In economies where Aggreko GDP growth is above 5%, we get an increasingly leveraged effect, with Aggreko sales growth far outpacing GDP growth. This is for a number of reasons but, most notably, simply that when economies are growing fast, customers want equipment quickly; they want high levels of service, and they want to focus on doing what they are good at, rather than owning large amounts of equipment.

The graph overleaf plots this relationship between growth in Aggreko's revenues by country and growth in Aggreko nominal GDP between 2003 and 2007. We have not included 2008-2010 because the data for these years is polluted by the recent recession. We would caution that these figures include the impact of the GE Energy Rentals acquisition in December 2006 which will exaggerate the underlying sales growth in some countries, but we feel that the trend they show is directionally correct.

The Market continued

What drives market growth in the Local business? continued



Overall, in times of positive GDP growth, we estimate that the market addressed by our Local business for the short-term rental of power and temperature control is growing at some 2-3% above GDP in developed markets. So, if GDP grows at 3% on average over the cycle, our market should grow at about 5%. In countries with rates of nominal GDP growth that are above 5%, the market can grow much faster.

An obvious question is “so what happens in a downturn?” The experience of the last 2 years has been instructive but, before discussing it, we have to qualify the analysis by saying that all recessions are different and, just because our business behaved one way in the recession of 2008-2009, does not mean it will behave the same in the next one.

We started warning in early 2008 that we thought that demand and rates would weaken in our Local businesses in North America and Europe, but it was not until the second quarter of 2009 that we felt any impact, with demand weakening in almost every Local business. From this might come the tentative conclusion that our business is ‘late-cycle’. Whether that will be true of all future recessions is uncertain, as there are no particular reasons we can think of which would explain why customers should seek to leave

cutting back on our services until the recession is well underway. We also recovered from the recession extremely quickly; within a year our like-for-like volumes in the Local business were growing again. The recovery was particularly sharp in North America. One might conclude from this that Aggreko is in the happy position of being late-cycle into a recession and early-cycle out of it. We would be very suspicious of such a golden scenario. We think, on balance, that a number of factors helped us: unlike many businesses, we trimmed our costs rather than hacked them and, above all, sought to keep our sales force in place, which meant that we were able to maintain relationships with customers through the downturn and were ready to serve them when they were ready to buy again; our global reach and presence in markets that barely felt the impact of the recession also helped us, as did our exposure to customers in sectors such as oil and gas and petrochemicals in which plant maintenance can be delayed a year or two, but ultimately has to be done. We were also the beneficiaries of great good luck, in that 2010 was an ‘annus mirabilis’ in major events revenue, with the Vancouver Winter Olympics, the FIFA World Cup, and the Asian Games all occurring in the same year. This elision of three major events in a single year happens only once every 4 years.

During the period we really felt the recession in our Local business (Q2 2009 to Q1 2010), we reduced rates to keep volumes up for the critical summer season. The power and temperature control businesses reacted very differently; power volumes were surprisingly stable, but temperature control volumes dropped by about 10%. For many of our customers, being without power is not an option, but going without extra cooling capacity may well be possible, particularly if industrial customers are not running their processes at full capacity. Rates fell for both power and temperature control during this period.

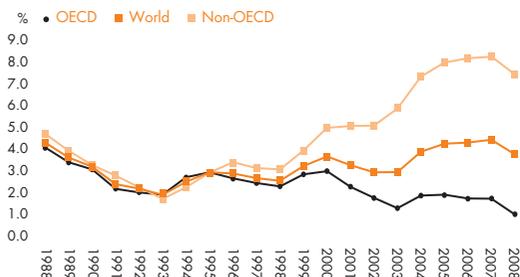
Our conclusion from this? It is that, in a recession, the Local business probably behaves the same way as it does when GDP is growing – i.e. volume shrinks at about twice the rate of Aggreko GDP, but there is then an additional impact of rate erosion which can be of the order of 5-10%.

What drives market growth in the International Power Projects business?

The factors which drive the growth of our International Power Projects business are different. The main trigger of demand is power cuts; when the lights go out in a country, people want power restored as quickly as possible. It is a perverse fact that people value power most when they are without it. We believe that in many parts of the world, and most particularly in many developing countries, there will be increasing numbers of power cuts, caused by a combination of burgeoning demand for power and inadequate investment in new capacity.

We believe that demand for power is going to grow much faster than is commonly believed; working with a leading group of professional economists at Oxford Economics, we have built a model which takes data on GDP and population growth, power consumption, and power generation capacity for 120 countries over the last 10 years. Using this historical data, it then projects future power demand based on forecasts of population and GDP growth. Our model predicts that world-wide demand for power will grow by around 4% per annum between 2007 and 2015, compared with forecasts by the International Energy Agency (IEA) of 2.6%. Our model reflects the sharp divergence between the growth in power consumption between OECD and non-OECD countries in recent years, as shown in the graph below. Poor countries are seeing demand for power increasing by over 7-8% per annum, whilst rich countries are growing at under 1-2% (see graph below).

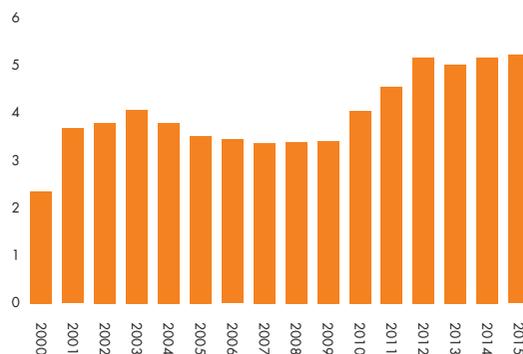
Rolling 3-year average growth in electricity consumption 1988-2008



Source: International Energy Agency

The rapid growth in power consumption in developing countries is driven by industrialisation and by the growing number of consumers having access to devices which consume electricity, such as fridges, televisions and mobile phones. Between 2000 and 2015, we forecast that the number of people whose power consumption is growing faster than per-capita GDP will double, from 2.5 billion to over 5 billion (see graph below). The majority of these people live in developing countries, where investment in the acquisition of new generating capacity and maintenance of existing capacity has been far below levels required to keep supply in line with demand.

Population with electricity consumption growing faster than GDP (billion)



Source: Oxford Economics

The Market continued

What drives market growth in the International Power Projects business? continued

To make this situation worse, by 2015, 25% of the world's installed power-generating capacity will be over 40 years old, which we believe is a reasonable proxy for the average life of a permanent power plant. The coming years will see the beginning of a replacement cycle during which a large part of existing power-plant construction capacity will be dedicated to replacing existing plants in North America and Europe, rather than building replacement or additional capacity in developing countries. The sums which need to be mobilised over the next 10 years to re-build the power distribution and generation capacity in North America and Europe are huge; in the UK alone, the regulator estimates that up to £200 billion will be required. This means that developing countries will have to compete for funds with developed countries, where investment risk is perceived to be far lower.

Our models predict that the combination of these demand-side and supply-side factors will increase the world-wide shortfall of power generating capacity nearly 10-fold, from about 70 gigawatts (GW) in 2005 to around 600 GW by 2015. The ultimate size of the shortfall will depend on both the rate of increase in demand, and the net additional generating and transmission capacity brought into production during the period. However, even if the shortfall is at the bottom end of our forecasts, it will still represent a level of global power shortage many times larger than today's. We are confident that such a level of power shortage will drive powerful growth over the medium and long term in demand for temporary power as countries struggle to keep the lights on.

Investors have been keen to understand what the impact of a recession might be on our International Power Projects business. In our 2008 Annual Report, we wrote "It is certainly likely that lower rates of per-capita GDP growth will lead to slower rates of growth in demand for electricity in developing countries. However, we believe that, unless there is a prolonged economic catastrophe, the market for temporary power in developing countries will continue to grow." Experience in 2009 and 2010 has supported this hypothesis: growth in MW on rent during 2009 was 10%, down from 40% in 2008, but growth nevertheless; in 2010, we had record levels of order-intake and grew the MW on rent by 14%. The latest figures produced by the IEA suggest that consumption of electricity in non-OECD countries grew by 5.3% in 2008 – a recession notwithstanding. Another concern has been that recession might bring a bad-debt problem in International Power Projects but this has not been our experience.

We end this section with our customary warning: International Power Projects specialises in providing energy infrastructure in countries where political and commercial risk is high – sometimes very high – and the fact is that we do business where others fear to tread. To date, we have never had a material loss of equipment or receivables, but it is very likely that sooner or later one of our customers will misbehave. Our assets are at much greater risk of loss or impairment than they would be if they were sitting in the suburbs of London or New York or Singapore. We have extensive risk-mitigation procedures and techniques, but investors should regard the current level of returns in this business as being 'risk-unadjusted rates of return', because nobody has yet behaved badly enough to adjust them.

OUR STRATEGY



Rupert Soames | Chief Executive



Angus Cockburn | Finance Director

Group strategy

The objective of our strategy is to deliver long-term value to shareholders, excellent service to customers and rewarding careers to our employees by being the leading global provider of temporary power and temperature control. Our strategy is founded on the belief that in our market sector, it is possible to create competitive advantage by building a truly global business – i.e. one which operates the same way around the world and can use the same fleet everywhere, the same processes, the same skills, and the same infrastructure. This homogeneity means that significant operating advantages and efficiencies accrue to those who have global scale; the focus of our efforts, therefore is directed towards building global scale and securing these advantages and efficiencies for ourselves.

The strategy was developed following an in-depth review of Aggreko's business in 2003, and has been consistently applied for the last seven years; it continues to be the basis of our business planning, and we believe that

consistency of purpose has been a major contributor to our success. 20% compound growth in revenues and 33% compound growth in trading profit over the last seven years indicate that the strategy is the right one, and we continue to work relentlessly to implement it.

Aggreko Group – excluding pass-through fuel

	2010	2003	CAGR
Revenue (£m)	1,156	324	20%
Trading profit (£m)	310	42	33%
Trading margin	27%	13%	
Diluted earnings per share (pence)	78.98	10.14	34%
Return on capital employed (ROCE)*	32%	13%	
Enterprise value at year end (£m) ¹	4,198	514	35%

* calculated by dividing operating profit for a period by the average net operating assets as at 1 January, 30 June and 31 December.

¹ Enterprise value is defined as market value plus net debt.

The strong growth over recent years was only made possible because, over the preceding 40 years, Aggreko's management and owners had patiently built a foundation of service centres in North America, Europe, the Middle East, Asia and Australia; had spotted that designing and building our own equipment had major advantages; had created a hard-working, entrepreneurial and customer-focused culture; and had built a brand. The lesson we see every day is that it takes decades to achieve the sort of global scale Aggreko now has, and there are no short cuts.

Aggreko's strategy is developed by the senior management team, led by the Chief Executive, and involves internal and external research, much of it proprietary. We seek to develop a deep understanding of the drivers of demand, changing customer requirements, the competitive environment, as well as developments in technology and regulation. We look at our own strengths and weaknesses, and at the opportunities and threats that are likely to face us. From this analysis, we develop a list of investment and operational options, and analyse their relative risks and rewards, bearing in mind the capabilities and resources of the Group.

We regularly test our strategy which keeps it fresh and relevant, and enables us to spot and react to new opportunities. Having conducted a root-and-branch review in 2003 we re-examined our conclusions in 2005, 2007 and 2009. The conclusions from the 2009

Our Strategy continued

review, which were communicated to investors in March 2010, are summarised below:

- The strategy we developed in 2003, and re-affirmed in 2005 and 2007, is working well.
- Our Local business continues to offer attractive opportunities for growth, both from growing our density and footprint in existing markets, and expanding into new countries.
- The factors which have driven the growth of our International Power Projects business will continue to provide plenty of headroom for this business for the foreseeable future; the world faces serious structural shortages of power which will last for many years and which should sustain demand for our services.
- In our 2009 review we stepped up the work we are doing on emissions and planning the transition of our fleet to use equipment with improved emissions performance.
- In all our businesses, there are opportunities to improve the efficiency of operations, whilst maintaining our prized agility. There are plenty of things we can do better.

We plan to start the next review of our strategy in 2012; our next formal strategy update to investors is likely to be in early 2013.

Our strategy for each of the business lines is set out below and, at the end of this section, we reflect on some of the future trends that we believe may come to be important to our business in the years ahead.

Business line operational strategy

Supporting the Group strategy, Aggreko has developed operational strategies for our two different lines of business:

- The Local business rents power and temperature control systems, from small generators to large cooling plants, to customers who are typically within a few hours' driving time of our service centres;
- The International Power Projects business builds and then operates temporary power plants, selling their capacity and output to utilities, the military and major mining and oil companies.

The Local business

The Local business serves customers from 148 service centres in 34 countries in North, Central & South America, Europe, the Middle East, Africa, Asia and Australasia. This is a business with high transaction volumes: average contracts (excluding major events) have a value of around £10,000 and last a few weeks. The Local business represents 60% of Aggreko's revenues, excluding pass-through fuel, and 46% of trading profit. Since our first strategy review in 2003, revenues and trading profit have increased at a compound growth rate of 15% and 27% respectively:

Aggreko Local business

	2010	2003	CAGR	% of Group	
Revenue (£m)	696	258	15%	60%	80%
Trading profit (£m)	142	27	27%	46%	64%
Trading margin	20%	10%			
ROCE*	26%	11%			

There are three elements in our strategy for the Local business:

- Maintain a clear differentiation between our offering and that of our competitors through superior service.
- Use the benefits of global scale to be extremely efficient. This should enable us to make attractive returns whilst delivering a superior service at competitive prices.
- Offering superior service at competitive prices will allow us to increase market share and extend our global reach, delivering growing revenues at attractive margins.

Against the first objective – to maintain a clear differentiation between our offering and that of our competitors – third-party research shows that Aggreko is one of the world's best-performing companies in terms of customer satisfaction. We are determined to maintain this reputation for premium service and we do this through the attitude and expertise of our staff, the geographic reach of our operations, the design, availability and reliability of our equipment, and the ability to respond to our customers 24 hours a day, 7 days a week.

The claim to be one of the world's best-performing companies in terms of customer satisfaction is a big one, but we think we have good reason to make it. For each of the last 5 years we have been asking about 25,000 customers what they think of the service they have received from us, and measure our Net Promoter Scores. This is an objective measure of customer satisfaction which reflects the balance between those who think we are wonderful, and those who think we are dreadful. Happily, the former greatly outnumber the latter. Over the last 5 years our score has improved by 10pp and Satmetrix, a global leader in customer experience programmes who manage over 11 million customer responses annually (including Aggreko's), have confirmed that our Net Promoter Score in 2010 was the highest of all their customers benchmarked world-wide in the business-to-business segment.

The second objective of our strategy for the Local business is to be extremely efficient in the way we run our operations. This is essential if we are to provide superior customer service at a competitive price and, at the same time, deliver to our shareholders an attractive return on capital. In a business in which lead-times are short, logistics are complex, and we process a large number of low-value transactions, a pre-condition of efficiency is having high quality systems and robust processes.

The operation of our Local businesses in most areas is based on a 'hub-and-spoke' model which has two types of service centre: hubs hold our larger items of equipment as well as providing service and repair facilities; spokes are smaller and act as logistics points from which equipment can be delivered quickly to a customer's site. The hubs and spokes have been organised into areas in which a manager has responsibility for the revenues, profitability and the return on capital employed within that area. In this model, most administrative and call handling functions are carried out in central rental centres.

Our Local business enjoys numerous advantages as a result of its global scale. Standardised operating processes, and the investment in a single global IT platform, bring visibility and homogeneity. Global utilisation statistics allow us to spot where equipment is under-utilised, and where it can be moved to for the best return, and this is reflected in the increase in revenue to average gross rental assets, which is a financial measure of utilisation; between 2004

and 2010, revenue to average gross rental assets in the Local business increased from 62% to 82%. Global fleet sourcing allows us to stock our fleet with premium-quality equipment at competitive cost. Global reach allows us to deliver service to customers (such as major events customers) wherever they go. Global processes allow us to disseminate best practice quickly. The benefits of our global scale accrue to both customers and shareholders. Our Net Promoter Scores tell us that the model works well for customers and, for our shareholders the benefit has been a compound growth in trading profit of 27% over the last 7 years and a return on capital employed that has improved from 11% to 26% over the same period.

The third objective of our strategy for the Local business is to deliver growth in revenues by increasing market share and global reach. In our more mature markets, such as North America and Europe, we know that the most profitable businesses are those where we have dense networks of service centres which can share equipment, staff and customers, and benefit from the low transport costs that come from being physically close to customers. So, in these markets, we focus on adding new service centres and upgrading existing centres to make them more capable. In the last 4 years, in our mature markets in Australia, North America and Europe, we have opened or upgraded service centres in:

North America:	Indianapolis, Long Island, Fort McMurray, Gillette, Shreveport, Minneapolis St Paul, Seattle, Ft St John, Minot, Roosevelt
Europe:	Bordeaux, Bristol, Metz, Padova, Berlin
Australia:	Geraldton, Gladstone

However, we know that our businesses grow fastest where there is strong growth in GDP, and, specifically, in Aggreko GDP (GDP weighted to industries which typically use our services). So a core part of our strategy has been expanding our Local business in the faster-growing economies of South America, the Middle East, Africa and Asia. The acquisition of GE Energy Rentals in 2006 helped us to expand our footprint in Brazil, Chile and Mexico and, since then, we have opened or upgraded service centres in:

Our Strategy continued

Africa:	Johannesburg
Middle East:	Doha, Jebel Ali, Abu Dhabi, Muscat, Jeddah, Al Khobar
Central & South America:	Panama, Buenos Aires, Antofagasta, Recife, Parauapebas, Concepcion, Monterrey, Villahermosa
Asia:	Pune, Shanghai, Dalian, Singapore
Russia:	Moscow

International Power Projects

This business serves the requirements of power utilities, governments, armed forces and major industrial users for utility-quality, temporary power generation. Whereas in the Local business we rent equipment to customers who operate it for themselves, in International Power Projects we contract to provide power generated by plants financed, built, commissioned and operated by our own staff. The power plants can range in size from 10 megawatts (MW) to 200MW on a single site.

The business operates in areas where we do not have a large Local business. Most of the customers are power utilities in Africa, Asia, Central and South America. As described in the 'What we do' section, the driver of demand in these markets is that our customers' economies are growing, with consequent increases in demand for additional power which cannot be met by the current generating capacity. As a result, many of them face chronic power shortages which damage their ability to support economic growth and increased prosperity. These shortages are often caused or exacerbated by the variability of supply arising from the use of hydro-electric power plants whose output is dependent on rainfall. We estimate that the gap between world-wide supply and demand of electricity is growing by some 50,000MW per annum, which compares to our International Power Projects fleet size of around 3,600MW.

International Power Projects now represents 40% of Group revenues and 54% of trading profit, excluding pass-through fuel. Since 2003, International Power Projects revenue excluding pass-through fuel and trading profit have grown at a compound annual growth rate of 32% and 41% respectively:

International Power Projects excl pass-through fuel

	% of Group				
	2010	2003	CAGR	2010	2003
Revenue (£m)	460	66	32%	40%	20%
Trading profit (£m)	168	15	41%	54%	36%
Trading margin	37%	23%			
ROCE*	40%	25%			

Note: pass-through fuel refers to revenues we generate from one customer for whom we have agreed to manage the provision of fuel on a 'pass-through' basis. This revenue stream fluctuates with the cost of fuel and the volumes taken, while having an immaterial impact on our profitability. We therefore exclude pass-through fuel from most discussions of our business.

The strategy for this business is straightforward: grow as fast as we prudently can, to secure for ourselves the operating efficiencies and competitive advantages which come from being the largest global operator. So far, we have been successful in executing this strategy, and our International Power Projects business is now many times larger than its next largest competitor.

The reason why it is advantageous to be a global operator in International Power Projects is because demand can shift rapidly between continents. In 2003, South America and Asia were probably the largest markets, and Africa was only a small proportion of global demand. In 2009, the market in Africa was larger than South America and Asia combined. Going in to 2011, the position (as measured by our fleet-on-rent) is reversed, with about 500MW having come off-hire in Africa in 2010 and about 700MW going on-hire in Asia. These shifts in demand were driven in part by rainfall patterns, in part by the relationship between economic growth and investment in permanent power generation and in part by geo-political issues. To be successful in the long-term, therefore, requires the ability to serve demand globally, and that requires sales, marketing and operational infrastructure to be present in all major markets.

The reason we want to be big – and bigger than any of our competitors – is because we believe that, as in the Local business, scale brings significant competitive advantages in International Power Projects. There are numerous reasons for this:

- Being able to address demand on a world-wide basis means higher utilisation. When fleet returns from a customer at the end of a contract, the speed with

which it can be put back on contract again is a major determinant of profitability and returns on capital. Fleet will find new work far more quickly if it can address the total pool of world demand than if it is only able to operate in a single region.

- By the time customers have decided they really do have to spend money on temporary power, they generally want it as fast as possible. Being able to offer very fast lead-times for large amounts of capacity is a significant competitive advantage. Small operators simply cannot afford to keep 250-300MW of capacity (say, £30-£40 million of capital) sitting idle waiting for the next job. Because the equipment used in International Power Projects is also used in the Local business fleet, we manage our large generators as a common global pool. Between the Local business and International Power Projects, we currently have a fleet of over 5,000 of these large generators, and can deploy hundreds of MW of capacity from our various businesses around the world on very short notice. A good example would be a recent power contract in Bangladesh, where we were able to deliver and commission 200MW spread over 3 sites within 90 days of the contract signature; no competitor could deliver so much power in such a short lead-time, and a permanent power plant of similar scale would take years to deliver and install.
- The management of risk is a critical part of our business; we place tens of millions of pounds worth of capital assets in countries where the operational, political and payment risks are high – sometimes very high. While we take great care to mitigate these risks, it is probable that sooner or later we will have a loss of either receivables, or equipment, or both. However, because of our scale, such a loss would not imperil the company as a whole. We treat our risks in the same way investors do: we minimise the risk of losses doing material damage to the business by having a broad portfolio of exposures, none of them correlated. For smaller companies, their portfolio of country risk is inevitably much more concentrated; the probability of loss in any one country for smaller companies is no less than it is for us, but their ability to withstand the consequences of a large loss is. Scale therefore allows us to deal in markets where others might, with good reason, fear to tread.

- Returns from rental businesses are heavily dependent upon the underlying capital cost of the rental fleet. Clearly, large buyers should get better terms than small buyers and, since we are by far the largest purchaser of power generation for rental applications in the world, we believe that we are advantaged in this area. The fact that we have the scale to justify having our own manufacturing and design facilities also means that we can source equipment better suited to our precise requirements, and more cheaply, than smaller operators.

In summary, a large operator will have lower volatility of demand, better lifetime utilisation of equipment, be better able to respond to customer requirements, and will have a lower capital cost per MW of fleet. In International Power Projects, bigger is better – and Aggreko is now much larger than any other competitor in this market, as well as being the only company to have distribution in all the major markets.

Further ahead

In our 2009 Annual Report, we set out thoughts about opportunities that might arise from the de-carbonisation of power generation in developed countries. In 2010 we have continued with our research in this area, and we remain hopeful that there will be money-making opportunities, but they will take years, rather than months, to develop. When they come, however, they could be material, so we are continuing to work on building our expertise in this sector. Because this is important work in progress, we repeat below what we said in last year's Annual Report, suitably updated.

In the 2009 strategy update, presented to investors in March 2010, we tried to look ahead and outside the boundaries of our existing business model to see if there might be other opportunities for us to deliver value to our shareholders. We were encouraged by what we found, and we set out below some of our thoughts about the way the energy market might develop.

We estimate that world demand for electricity will increase at a compound rate of around 4% between 2007 and 2015; this compares to a growth in net capacity of around 3% per annum, resulting in a world-wide projected shortfall in supply growing at around 50,000MW per annum. This supply:demand gap is likely to be focussed on emerging markets, who have burgeoning demand, and inadequate supply.

Our Strategy continued

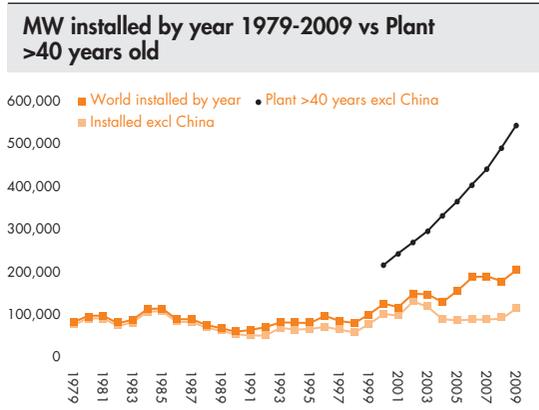
These emerging markets have been strong markets for our International Power Projects business for the last five years. In our 2009 study however, we identified that some of the stresses which create demand for us in emerging markets may also start to appear in more developed economies.

The market for the supply of electricity, like most utility businesses, thrives on stability and hates uncertainty. This is particularly so in countries that rely on the private sector to fund investment in power generation, which is the case in most developed markets. The long life and enormous capital costs of the infrastructure required to generate and deliver cheap electricity require an environment in which investors can build power plants and be reasonably sure of the amount of money they will earn over the next thirty or forty years. We believe that the market for the supply of electricity in developed countries is going through a phase where that stability and certainty is lacking. There is going to be a lot of change, uncertainty and market stress, and the next 10 years are going to be hugely challenging for governments, regulators, investors and operators.

The main source of that stress and uncertainty arises from the struggle to devise ways to manage the electricity supply market to deliver de-carbonisation of power generation, and to accommodate changing public attitudes to nuclear power. On the one hand, over the last 50 years the great power-plant manufacturers of the world have developed extremely effective technology for generating vast amounts of cheap electricity using hydro-carbon and nuclear fuels. These technologies have been perfected in time for public opinion to decide that they must have less of that and far more renewable technology, much of which is decades away from competing in terms of either cost or efficiency with thermal plants.

The amount of subsidy, or the increase in the price of carbon, required to level the playing field between a modern Combined-Cycle Gas Turbine and an off-shore wind-farm is enormous. Regulators, economists and politicians have struggled to devise 'market signals' with which they can square this circle, proposing revisions to policy, subsidy regimes and planning regulations at bewildering rates, and this rapidly changing outlook has encouraged investors to wait-and-see rather than build new plant.

Levels of investment have been inadequate to replace power plants which, either because of age or because they fail to meet emissions standards, will have to be closed in the next 10 years. Between 2000 and 2009 the amount of generating capacity outside China over 40 years old (a reasonable proxy for the average life of power plants) more than doubled, and yet in the same period the amount of new capacity commissioned per year outside China fell (see graph); by 2015 over a quarter of the world's generating capacity outside China will be over 40 years old. These trends are shown in the graph below; the red line shows the dramatic growth in the amount of generating capacity over 40 years old.

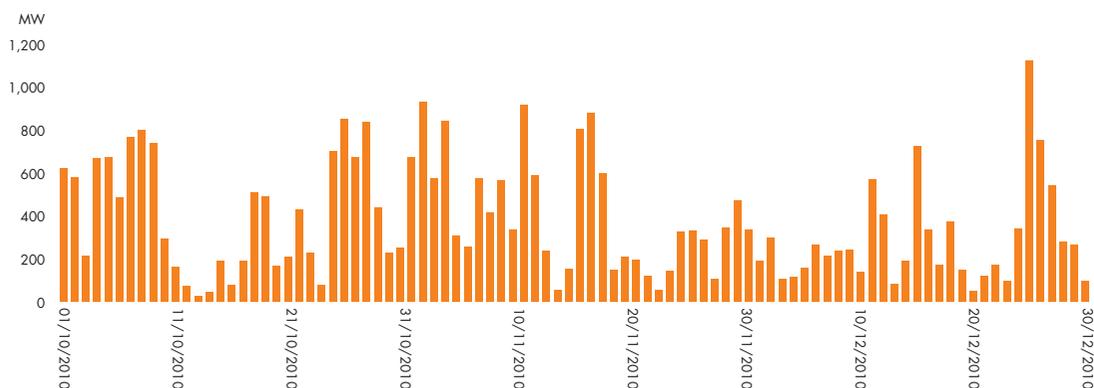


Source: Platts

We believe that the developed world is building up a bow-wave of delayed investment that sometime in the next 10 years will have to break. The most immediate effect of the wave breaking will likely be rapid inflation in the building costs of new plant as plant operators rush to order the plants that should already be in construction.

But what plants will they build? The majority of plants will inevitably have to be thermal, but the electricity networks of the future are all going to have to deal with large amounts of wind-power, and that is going to require substantial investment in transmission and distribution networks to cope with intermittent output and, in the case of wind, the fact that large wind-farms have to be positioned far from centres of consumption. For those unfamiliar with the variability of wind generation, the graph below shows the output from Ireland's 900MW of installed wind capacity during the period 1st October-31st December 2010.

Wind output in MW, Ireland Oct-Dec 2010



Source: Eirgrid

During this 3-month period, there were 21 occasions where power output varied by more than 100MW within 15 minutes; 108 when that variation occurred within 30 minutes. The peak output was over 1,130MW, and the lowest was 24MW. These variations in output bore no relationship to demand.

Presenting these facts is neither a polemic against wind-power, nor one in favour of thermal plants. It is simply stating that the generation mix in 10 years time will be different and will have to cater for part of the mix being far more variable than system operators are used to having to deal with.

Our whole strategy in developing our International Power Projects business has been based on our analysis that the energy gap between supply and demand was getting worse, and particularly so in emerging markets. So that is not new. What is new is our analysis that similar stresses may begin to emerge in developed economies over the next 10 years, driven partially by the policy of de-carbonising power generation and lack of investment.

These stresses should present opportunities for Aggreko. The technology which we have developed over recent years has some unique features that may make it attractive to system operators who will have to manage large amounts of renewable generation, low reserve margins and ageing plant. To be more specific:

- We have developed a highly-efficient, multi-fuel, utility power generating capability which has a capital cost per megawatt about one third that of conventional utility power plants. We think conventional power-plant technologies such as Combined-Cycle Gas Turbines, Hydro and Nuclear, while ideally suited for base-load operation, will struggle with the economics of operating on an intermittent basis and the unpredictable start-stop cycle required to respond to the variable output of renewable power generation.
- Our technology is ideally suited to intermittent, fast-start operation. Within 30 seconds we can bring enough power on-line to keep the lights on for whole cities. We think system operators will come to find this sort of sustainable, distributed, fast response capability essential if they are to operate with meaningful amounts of wind generation.
- Our technology is ideally suited to distributed operation. Because it comes in 1MW blocks and is mobile, we can put 25MW here, 150MW there and 5MW over there; and then can shift 50MW of the 150MW site to the 25MW site within a couple of days. We think that distributed generation will become increasingly popular with system operators and they will value the mobility and flexibility we have the capability to provide. And, for our part, we should be able to generate premium returns by being able to move our plant globally to where the need, and therefore the price, is greatest.

Our Strategy continued

- To match what we believe will become an increasingly attractive technical proposition, we also have, for a power generation company, an enormous customer base and global reach. We already are established suppliers to power utilities and governments in around 50 countries. This means that we have the ability to roll out good ideas on a global scale.

In summary: to date, the main focus of our International Power Projects business has been emerging markets. Over the next 10 years, however, as wind penetration rises, and as old plants retire, reserve margins will fall in developed economies as well. At this point, opportunities might arise for Aggreko to support system operators and utilities in developed markets as well as in emerging markets.

We would like to stress that this is not a short-term opportunity. Quite the opposite: in the short term many developed countries have high reserve margins as the economic crisis has caused power consumption to reduce. But these reserve margins are forecast to fall quite sharply between now and 2020. So we will spend some time over the next few years exploring these ideas.

Capital structure

The intention of Aggreko's strategy is to deliver long-term value to its shareholders, and so far we have been highly successful in doing so, both on an absolute and a relative basis. Since 2005 we have delivered a 458% growth in our index of Total Shareholder Return – which compares with 25% and 49% for the FTSE-100 and FTSE-250 respectively. This value creation comes from two sources. First, share price accretion as a result of 42% compound growth in earnings per share; this earnings growth is the result of very high rates of capital investment in the business, (about £1 billion invested over the last five years, compared to depreciation over the same period of about £590 million), along with one large and several small acquisitions (about £132 million spent over the last five years). The second source of investor return has been dividends which, since 2005, have grown at a compound rate of 25%.

With the business delivering returns on average capital employed of over 30%, it is clearly in our shareholders' interests that we invest as much as we prudently can into the business. However, the margins and returns are currently so strong that in the last two years we have been able to reduce levels of net debt substantially, while investing far ahead of depreciation. From a peak level of net debt of £364 million (31 December 2008) and peak Net Debt to EBITDA of 1.3 times (31 December 2006), net debt has reduced to £132 million, and Net Debt to EBITDA to 0.3 times as at 31 December 2010. Given the proven ability of the business to fund organic growth from operating cashflows, and the nature of our business model, it seems sensible to run the business with a modest amount of debt. We say 'modest' because we are strongly of the view that it is unwise to run a business which has high levels of operational gearing with high levels of financial gearing.

Since the Group demerged in 1997, Net Debt to EBITDA has averaged around 1 times, and this is a level we feel is about right for our business. Absent a major acquisition, or the requirement for an unusual level of fleet investment, it gives us the ability to deal with the normal fluctuations in capital expenditure (which can be quite sharp: +/- £100 million in a year) and working capital, and is well within our covenants to lenders which stand at 3 times. We have concluded therefore that, over the medium term, we should aim to keep our net debt at 'around' 1 times.

In terms of the pace at which we move to the 1 times level, we think that the need for flexibility argues for moving over the next 2 to 3 years rather than in a single step. It is with this in mind that we have announced our intention to effect a return of value of approximately £150 million in 2011 (to be effected by way of a B share scheme), and a further amount, depending on circumstances in the next 2 to 3 years, that will move Net Debt to EBITDA to around 1 times.

MANAGEMENT OF RESOURCES

This section describes how we manage our key resources to deliver the strategy outlined above.

People

Aggreko has 3,850 permanent employees working around the world and they are united by a unique culture. Phrases such as 'customer focused', 'can-do', 'completely dependable' capture part of the ethos of Aggreko employees. We have captured our culture in 3 words: performance, passion and pace. This culture has developed through the years and derives from the fact that, very often, Aggreko is helping people and businesses to recover from, or to avoid, emergencies or disruption. Customers are often dependent on Aggreko people to keep things running, sometimes under very difficult circumstances. Our people are highly skilled, and many of them have years of experience. They are used to reacting quickly, getting the job done professionally and safely, and they respond well in a crisis.

Taking into account the environment in which we operate, it is essential that our people are properly trained, given the correct level of responsibility and accountability to make decisions on a timely basis, and are remunerated and incentivised appropriately. Each part of the business has training programmes in place to ensure that our employees have the necessary skills to perform their roles to a high level. This training is a combination of on-the-job learning and specific skill development through training courses. A major component of this training is related to Environmental Health and Safety (EH&S) issues. More detail of our EH&S policies is given on pages 46 to 50.

Aggreko continues to improve the capability of its people in line with the growth of the Company. The talent management system, which was introduced 3 years ago for the 150 senior managers in the business, has been extended to the next management level and now covers around 300 managers. We have a number of senior management education programmes, including a one-week residential course, specifically designed for Aggreko at IMD in Lausanne. Furthermore, we introduced a Global Education Policy to support younger people with job-related, long-term educational programmes. All the businesses have extensive technical training programmes, covering everything from basic equipment maintenance through to High Voltage Engineering. Over the last 2 years, as part

of our Continuous Improvement Programme, we have trained 25 people to Black Belt level, and over 200 to Orange Belt level.

The Company's remuneration policy, which is described on pages 65 to 77, is aligned with the key objectives of growing earnings and delivering strong returns on capital. To underline this point, the Group's long term incentive scheme and many senior managers' annual bonuses are based on targets set against both earnings per share and returns on capital employed. We have a policy of encouraging employees at all levels to own shares in the company, and over 2,400 people participate in the Sharesave programme; and over 160 participate in the Long-Term Incentive Programme.

Physical assets

Many rental businesses provide standard products to their customers. The car or hammer-drill you rent is the same as the one you can buy. Aggreko's equipment is different: manufacturers of generators and temperature control equipment generally design their product to be installed and stay in the same location for its working life. For our business, however, this equipment has to be lifted and transported hundreds of times during its working life. It must be able to work in extreme conditions – the same generator might be working in -40°C on an oil rig in Russia one week, and in +50°C in the Saudi Arabian desert the next. Designing and building equipment that can do this, while remaining safe, quiet, reliable and compliant with environmental and safety regulations, is a key skill of Aggreko. Unusually for a rental company we design and manufacture most of our equipment, and our specialist in-house teams based in Dumbarton, Scotland understand intimately the requirements of the environment in which the fleet operates. Not only do we have industry-leading equipment, we also have a great deal of it – £1,660 million worth at original cost as at 31 December 2010.

Unlike most other rental businesses, we have a policy of keeping equipment for its useful life. This gives us a powerful incentive to maintain it well, which gives it both longer life and better reliability. We have a large number of skilled engineers, well-equipped workshops and rigorous servicing regimes to ensure that our equipment is maintained to the highest standards.

Management of Resources continued

Taking well-judged fleet investment decisions is a key part of Aggreko's management task. All material investments are judged by reference to internal rates of return, and we monitor utilisation daily. Fleet is frequently moved between countries to optimise utilisation, and our ERP system gives us the ability to manage our fleet on a real time basis across the world which, in turn, will enable us to optimise its deployment and returns.

One measure of how we are doing in terms of managing our physical assets is the return on average capital employed. This measure is one of the key performance indicators shown on page 29.

Financial resources

The Group maintains sufficient facilities to meet its normal funding requirements over the medium term. Historically these facilities have been in the form of committed bank facilities arranged on a bilateral basis with a number of international banks with 3 and 5 year maturities. The financial covenants attached to these facilities are that EBITDA should be no less than 4 times interest, and net debt should be no more than 3 times EBITDA. The Group does not consider that these covenants are restrictive to its operations.

Towards the end of 2010, we refinanced £459 million of bank facilities, putting in place new facilities with maturities of 3 and 5 years. In addition, since the year end, we have for the first time raised funding in the US private placement market, securing US\$275 million (£177 million), with maturities ranging between 7 and 10 years and with financial covenants the same as our banking facilities. Drawdown of these funds will take place in mid March 2011. This diversifies Aggreko's funding sources and provides us with a longer maturity profile.

Supply chain

During 2010, Aggreko's capital expenditure totalled £269 million. Of this, over 70% was assembled by our manufacturing facility which is based in Dumbarton, Scotland. The remainder of the capital expenditure was sourced direct from third party manufacturers to Aggreko specification and managed by our supply chain team in Dumbarton. Aggreko's supply chain capability in managing suppliers of both finished product and components for assembly is a key part of our business capability. We have long-standing relationships with many of our suppliers, notably Cummins which supplies a number of engine ranges and alternators. We have also developed new sourcing relationships in countries such as China and India where we work very closely with suppliers to ensure that the components produced comply with Aggreko's strict quality standards.

KEY PERFORMANCE INDICATORS

The Group uses a large number of performance indicators to measure operational and financial activity in the business. Most of these are studied on a daily, weekly or monthly basis. A well-developed management accounts pack, including profit and loss statements as well as key ratios related to capital productivity and customer satisfaction scores, are prepared for each profit centre monthly. In addition, every general manager in the business receives a weekly and monthly pack of indicators which is the basis of regular operational meetings.

There are five Key Performance Indicators (KPI's) which we use as measures of the longer-term health of the business and which we use to monitor progress in implementing the Group's strategic objectives. They are:

- Safety
- Return on average capital employed
- Earnings per share
- Customer loyalty
- Staff turnover

Safety

Our business involves the frequent movement of heavy equipment which, in its operation, produces lethal voltages and contains thousands of litres of fuel. Rigorous safety processes are absolutely essential if we are to avoid accidents which could cause injury to people and damage to our reputation and property. Safety processes are also a basic benchmark of operational discipline and there is, in our view, a close correlation between a well-run business and a safe business.

The main KPI we use to measure safety performance is the internationally recognised Frequency Accident Rating ('FAR') which is calculated as the number of lost time accidents multiplied by 200,000 (being the base for 100 employees working 40 hours per week, 50 weeks per year) divided by the total hours worked. A lost time accident is a work related injury/illness that results in an employee's inability to work the day after the initial injury/illness.

The Group's performance improved slightly over 2009 and is still significantly better than the benchmark statistic reported for US rental and leasing industries published by the US Department of Labor which was 2.1 FAR in 2009. Further discussion of Health & Safety matters can be found in this report in the Risks and Uncertainties section (page 34) and under Corporate Social Responsibility (pages 46 and 47). FAR was as follows:

Frequency Accident Rating

2010	0.71
2009	0.76
2008	0.46
2007	0.50
2006	0.75

Return on average capital employed

In a business as capital-intensive as Aggreko's, profitability alone is a poor measure of performance; it is perfectly possible to be generating good margins, but poor value for shareholders, if assets (and in particular, fleet) are being allocated incorrectly. We believe that, by focusing on return on average capital employed ('ROCE'), we measure both margin performance and capital productivity, and we make sure that unit managers are tending their balance sheets as well as their profit and loss accounts. We calculate ROCE by dividing operating profit for a period by the average of the net operating assets as at 1 January, 30 June and 31 December. ROCE was as follows:

Returns on average capital employed %

2010	32.4
2009	29.0
2008	28.5
2007	26.7
2006	22.1

Earnings per share

Measuring the creation or destruction of shareholder value is a complex and much-debated topic. We believe that Diluted EPS, while not perfect, is an accessible measure of the returns we are generating as a Group for our shareholders, and also has the merit of being auditable and well understood. So, for the Group as a whole, the key measure of short-term financial performance is diluted earnings per share pre-exceptional items ('Adjusted EPS'). Adjusted EPS is calculated based on profit attributable to equity shareholders (adjusted to exclude exceptional items) divided by the diluted weighted average number of ordinary shares ranking for dividend during the relevant period. Adjusted EPS was as follows:

Key Performance Indicators continued

Adjusted EPS Pence	
2010	78.98
2009	62.42
2008	45.56
2007	30.02
2006	19.87

Customer loyalty

The Group deals every year with thousands of customers, and we have developed a process by which we can objectively measure the performance of our business units, not only in financial terms but also the extent to which they are making customers feel inclined to return to us the next time they need the services we provide. We believe that near real-time measurement of our performance, as seen by our customers, gives us visibility of operational issues which might otherwise take months to emerge through the profit and loss account. Accordingly, we use the Satmetrix system, whereby we send customers an email immediately after a contract closes asking them to fill out a detailed questionnaire about how they thought we performed. This data is then collated to conform to the same management structure as our profit and loss accounts so that, in monthly management accounts, we see not only a team's financial performance but also their operational performance as measured by how well their customers think they have done for the same period.

These questionnaires generate enormous amounts of data about how customers view our processes and performance and, in order to distil this down into a single usable indicator, we track a ratio called the Net Promoter Score (NPS). Broadly speaking the NPS measures the proportion of our customers who think we do an excellent job against those who think we are average or worse. In 2010, around 38,000 questionnaires were processed and we received over 4,200 replies: we believe that the scale of the response we get enables us to have confidence in this KPI.

Across the Group, our NPS over the last five years was:

Net Promoter Score	
2010	60
2009	60
2008	58
2007	52
2006	50

Satmetrix, a global leader in customer experience programmes who manage over 11 million customer responses annually (including Aggreko's), have confirmed that our Net Promoter Score in 2010 was the highest of all their customers benchmarked world-wide in the business-to-business segment.

Staff turnover

In a service business such as Aggreko, it is the attitude, skill and motivation of our staff which makes the difference between mediocre and excellent performance. Staff retention therefore is a reasonable proxy for how employees feel about our company. We monitor staff turnover which is measured as the number of employees who left the Group (other than through redundancy) during the period as a proportion of the total average employees during the period. Staff turnover was as follows:

Staff turnover %	
2010	13.4
2009	12.2
2008	15.1
2007	16.2
2006	14.9

The level of staff turnover in 2010 was slightly up on the previous year but still lower than the level seen between 2006-2008.