



**KGen Power Corporation**  
**Fiscal Q1 2009 Earnings Call**

November 14, 2008

# Forward Looking Statements

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Certain items in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not necessarily limited to, statements relating to future operations. Words such as “expect(s)” and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements. KGen’s expectations may not be attained. There are important factors that could cause actual results, level of activity, performance or achievements to differ from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this press release may not occur. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. Such forward-looking statements speak only as of the date of this press release. KGen expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

EBITDA is a non-GAAP financial measure. Consolidated EBITDA can be reconciled to Net income (loss) using the following calculation: Net income (loss) less Income tax benefit (expense), plus Interest expense and Depreciation and amortization expense equals EBITDA. Management and some members of the investment community utilize EBITDA to measure financial performance on an ongoing basis. However, EBITDA should not be used in lieu of GAAP measures such as net income and cash flow from operations. Within this presentation we define adjusted EBITDA using the above definition less a one time \$37 million payment in connection with the termination of the CEH transaction and major maintenance. Energy gross margin is defined as the energy sales minus the cost of fuel. Merchant energy gross margin is defined as the energy sales minus the cost of fuel for our merchant plants.

# Financial Metrics

## SELECTED BALANCE SHEET ITEMS

September 2008

(\$MM)

### Assets

#### Current assets:

Cash and cash equivalents	\$85.8
Restricted cash and cash equivalents	9.3
Other current assets	<u>28.7</u>

Total current assets 123.8

Total property, plant, and equipment 665.3

Other noncurrent assets 73.7

**Total assets \$862.8**

### Liabilities and stockholders' equity

#### Current liabilities:

Accounts payable and accrued liabilities	\$25.1
Current portion of long-term debt	<u>2.0</u>

Total current liabilities 27.1

Long-term debt 194.5

Contract-based intangibles (net of amortization) 17.6

Other Noncurrent Liabilities 3.6

Total stockholders' equity 620.0

**Total liabilities and stockholders' equity \$862.8**

- Total Cash on Hand \$95.0MM
- Total Liquidity of \$157.9MM
- Long Term Debt to Total Capitalization Ratio of 24%

# Operating Results & Metrics

<b>OPERATING RESULTS (\$MM)</b>	<b><u>Fiscal</u> <u>Q1-2009</u></b>	<b><u>Fiscal</u> <u>Q1-2008</u></b>	<b><u>Fav /</u> <u>(Unfav)</u></b>
Merchant Energy Gross Margin	\$14.0	\$22.4	\$(8.4)
Merchant Capacity Sales	\$ 4.7	-	\$4.7
<b>Merchant Gross Margin</b>	<b>\$ 18.7</b>	<b>\$22.4</b>	<b>\$(3.7)</b>
Murray 1 Gross Margin	\$29.0	\$27.3	\$1.7
<b>Total Gross Margin</b>	<b>\$47.7</b>	<b>\$49.7</b>	<b>\$(2.0)</b>

# Comparison Discussion- Quarterly

<b>Selected Financial and Operating Data</b>	<b>Fiscal Q1 2009</b>	<b>Fiscal Q1 2008</b>	<b>Change</b>	<b>% Change</b>
Total Generation (GWh)	1,266	2,003	737	-37%
Merchant Generation (GWh)	913	1428	(515)	-36%
CDD's <sup>(1)</sup>	3,773	4,329	(556)	-13%
Merchant Energy Gross Margin (\$MM)	\$14.0	\$22.4	(\$8.4)	-37%
Merchant Capacity Sales (\$MM)	\$4.7	-	\$4.7	100%
<b>Merchant Gross Margin (\$MM)</b>	<b>\$18.7</b>	<b>\$22.4</b>	<b>(\$3.7)</b>	<b>-17%</b>
Merchant Energy Gross Margin / Merchant Generation (\$/MWh)	\$15.36	\$15.71	(\$0.35)	-2%
Merchant Gross Margin / Merchant Generation (\$/MWh)	\$20.50	\$15.71	\$4.79	30%

(1) CDD's represent the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit. The CCD's are the cumulated for a given period

# Operating Results & Financial Metrics

<b>OPERATING RESULTS (\$MM)</b>	<b><u>Fiscal</u> <u>Q1-2009</u></b>	<b><u>Fiscal</u> <u>Q1-2008</u></b>	<b><u>Fav /</u> <u>(Unfav)</u></b>
<b>Total Gross Margin</b>	<b>\$47.7</b>	<b>\$49.7</b>	<b>\$(2.0)</b>
Operating & Maintenance	20.3	12.0	(8.3)
Gas Transportation	4.6	4.6	-
SG&A	4.4	5.1	0.7
Acquisition contract termination loss	-	37.0	37.0
Auxiliary Power	2.6	2.5	(0.1)
Insurance	0.8	0.8	-
<b>EBITDA</b>	<b>\$15.0</b>	<b>\$(12.3)</b>	<b>\$27.3</b>
Major Maintenance	15.7	7.1	8.6
Acquisition contract termination loss	-	37.0	<b>(37.0)</b>
<b>EBITDA (Excl. Major Maintenance &amp; Acquisition termination loss)</b>	<b>\$30.7</b>	<b>\$31.8</b>	<b>\$(1.1)</b>



## Q&A

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