



KGen Power Corporation

May 6, 2008

The Board of Directors of KGen Power Corporation would like to update its stockholders concerning recent changes in the composition of the Board and the management of the Company.

On April 18, 2008, a written consent executed on behalf of holders of approximately 62.82% of the shares of our outstanding shares was delivered to the Company (a) removing Gerald Lindner, Ramon Betolaza, and Joseph Piazza from the Board, (b) electing Thomas B. White to serve as a director and (c) strongly recommending that the Board remove Mr. Lindner as Chief Executive Officer of the Company. Subsequent to the delivery of the written consent, stockholders holding an additional 12.82%, for a total of 76.05%, of our shares delivered proxies supporting these actions.

The removal of Mr. Lindner, Mr. Betolaza and Mr. Piazza as directors and the election of Mr. White as a director was confirmed by Delaware's Court of Chancery on April 24, 2008 in a stipulated final order and judgment.

Subsequently, on May 2, 2008, the Board unanimously nominated and elected James P. Jenkins and Jeffrey S. Stein to the Board. Following this election, William Grealis, Harrison Wellford and William Rockford resigned from the Board. Thereafter, on May 5, 2008, the Board unanimously nominated and elected Gerald Stalun as a director. The election of Mr. Jenkins, Mr. Stein and Mr. Stalun to the Board was effected after holders of over 60% of our outstanding shares indicated to the Company their support for their election. Mr. Jenkins, Mr. Stein, Mr. Stalun and Mr. White have agreed to serve as directors without compensation from the Company, other than reimbursement of their out-of-pocket expenses.

Daniel Hudson, a director of the Company since February 2008, has been elected by the Board to serve as its Chairman. In recognition of Mr. Hudson's increased duties and responsibilities, the Board has approved the payment to Mr. Hudson of annual cash compensation of \$200,000 for his services as Chairman, in addition to reimbursement of his out-of-pocket expenses. Mr. Hudson will also be granted options in an amount to be determined by the Board.

We have attached biographical information with respect to the current members of the Board.

As strongly recommended by the stockholders, the Board has terminated Mr. Lindner as Chief Executive Officer. Richard McLean, the Chief Financial Officer of the Company, has been named as interim Chief Executive Officer. Mr. McLean will also continue in his position as Chief Financial Officer.

The newly reconstituted Board of KGen Power Corporation is dedicated to maximizing the value of the Company for all of its stockholders. Now that the recent uncertainty regarding the composition of the Board and management of the Company has been resolved, the Board believes that KGen is now well positioned to benefit from the recovery of the electric power markets. In this regard, the Board is committed to exploring any and all strategic alternatives to maximize the value of the Company.

If you have any questions or concerns about any of these matters, we encourage you to call Daniel East, Vice President, at (713) 979-1910, Richard McLean, interim Chief Executive Officer, at (713) 979-1909, Daniel Hudson at (281) 252-5201, or any of the other Directors.

The Board of KGen Power Corporation

Daniel Hudson (Chairman)
James P. Jenkins
Gerald Stalun
Jeffrey S. Stein
Thomas B. White

BACKGROUND INFORMATION OF EACH CURRENT DIRECTOR

Daniel Hudson

Dan Hudson became a director in February of 2008 and was elected Chairman of the Board on May 5, 2008. Mr. Hudson is a principal owner of Navasota Energy Partners LP and Montgomery Energy Partners LP, as well as Managing Member and CFO of Navasota Holdings Texas Partners LP, a 1,650 MW ERCOT portfolio. He is responsible for M&A, capital formation/management from private equity, third party debt and equity-raising. During 20 years of industry experience, Mr. Hudson has focused on wholesale electric and gas markets. His background includes asset acquisition and divestiture strategies, implementation and financing at Navigant Consulting, Duke Energy North America and NRG Energy. Prior to joining Navigant, Hudson served as Managing Director of Acquisitions and Divestitures for Duke where he led the company's acquisition and divestiture program. Mr. Hudson received a BS in Mechanical Engineering from the University of Minnesota and an MBA from the University of St. Thomas.

James P. Jenkins

James P. Jenkins became a director on May 2, 2008. Mr. Jenkins is a Managing Director, Transaction Development, at King Street Capital Management, L.L.C. In this capacity, Mr. Jenkins utilizes his senior restructuring and investment banking skills in assisting the investing team particularly in special situations, distressed and event-driven investments and investment opportunities being considered. Mr. Jenkins joined King Street in April 2007 after five years at Mellon HBV Alternative Strategies, where he was a Portfolio Manager and head of the distressed investing group. At Mellon HBV, Mr. Jenkins served on several official and unofficial creditor or equity committees, including Adelphia, Advanced Lighting, Delta Air Lines, Impath, Ormet, Outsourcing Services Group, Peregrine Systems and Solutia. Prior to Mellon HBV, Mr. Jenkins spent his entire career in investment banking. He ran the Investment Banking and Capital Markets group at Advest for two years. Prior to that, Mr. Jenkins spent 12 years at CS First Boston where he was a Managing Director in the Reorganization Group and the Leveraged Finance Group, and where he advised numerous debtors and creditor groups, both in and out of bankruptcy, including AK Steel, CalFed, Charter Companies creditors, Cleveland-Cliffs, GlenFed, Harvard Industries, Imo Industries, LTV creditors, Mcorp, Midway Airlines, Presidio Oil, Spreckels Industries and Terex. Previously, Mr. Jenkins spent 12 years at Lehman Brothers in general corporate finance, sovereign debt restructuring and corporate reorganization. Mr. Jenkins was formerly a director of several companies, including Frederick's of Hollywood, Interboro Insurance Company (Chairman), Outsourcing Services Group, Peregrine Systems (Chairman), The Robbins Company (Chairman) and Telespectrum Worldwide. Mr. Jenkins received both a BA in English in 1970 and an MBA in 1972 from Stanford University.

Gerald J. Stalun

Jerry Stalun became a director on May 5, 2008. Mr. Stalun is a Managing Director and the global head of power at The TCW Group, Inc.'s Energy & Infrastructure Group (TCW EIG). TCW EIG currently has approximately \$7 billion of energy and infrastructure investments under management. Mr. Stalun has more than 20 years experience in the global power business, most recently as Head of Asset Based Investments for Arcapita, a leading private equity firm active in the sector. Previous positions in the industry include SVP of GE Financial Services, Managing Director and Executive Vice President of Duke Capital Partners and Managing Director and Co-Head of Power Project Finance for Bank of America. He has an MBA from the University of Chicago, is a Certified Public Accountant and attended the University of Illinois as an undergraduate. Previous Board of Director memberships include Bosque Power and Falcon Gas Storage.

Jeffrey S. Stein

Jeffrey S. Stein became a director on May 2, 2008. Mr. Stein is a Founder and Principal of Durham Asset Management L.L.C., an asset management firm with approximately \$1.5 billion in assets under management. Since 2003, Mr. Stein has served as the Co-Director of Research at Durham responsible for the identification, evaluation and management of investments for the various Durham portfolios. In addition, Mr. Stein is responsible for managing Durham's substantial investments in the energy, merchant power and utility industries. From 1997 to 2003, Mr. Stein was a Director at The Delaware Bay Company, Inc., a boutique research and investment banking firm focused on the distressed debt and special situations asset classes, where he was responsible for identifying and evaluating distressed investment opportunities in the energy, financial services, merchant power, retail, real estate and utility industries. Mr. Stein began his career in 1991 at Shearson Lehman Brothers in the Capital Preservation &

Restructuring Group where he was responsible for providing fundamental research and investment recommendations for public and private real estate limited partnerships. Mr. Stein received a B.A. in Economics from Brandeis University and an M.B.A. in Finance and Accounting from New York University. Mr. Stein also serves as a Director on the Board of Granite Ridge Energy, LLC.

Thomas B. White

Thomas B. White became a director on April 18, 2008. Since 2006, Mr. White has been employed as a director by Stark Investments, a multi-strategy asset management firm with over \$14 billion in assets under management. At Stark, Mr. White has been responsible for the identification, evaluation, and closing on private equity type investments in physical energy assets and businesses, as well as supporting continuing asset management activities for investments made by Stark through the energy asset team and investment employed through other asset strategies including risk arbitrage and commodity hedging structures.

From 2002 to 2006, Mr. White was employed by Marathon Capital, LLC, a boutique investment banking firm focusing on the power generation and renewable energy markets, where he was an officer and Managing Director from 2003 to 2006. At Marathon, Mr. White was the principal executive responsible for banking, origination and marketing activities which included the sourcing, evaluation, and closing of non-recourse financing structures for renewable and conventional energy assets and for managing financial consulting efforts with corporate clients in the acquisition and divestiture of energy assets and portfolios in these markets.

From 1996 to 2002, Mr. White was employed by Duke Energy, where he was senior director, Development, for Duke Energy North America from 2001 to 2002 and Vice President, Industrial Services, for DukeSolutions, Inc. for 1997 to 2001.

Mr. White received his Bachelor of Sciences in Mechanical Engineering from the University of Illinois and is a Registered Professional Engineer in the State of Illinois. From 2004 to 2007, Mr. White was a Registered Representative and held Series 7 and Series 63 Licenses.