

KGEN POWER ANNOUNCES REVIEW OF STRATEGIC ALTERNATIVES

HOUSTON, TX (May 28, 2008) – KGen Power Corporation (“KGen” or the “Company”) announced today that it is undertaking a review of strategic alternatives that may culminate in a sale of the Company. KGen owns a modern portfolio of natural gas-fired power generation facilities with an aggregate capacity of 3,030 MW. The plants are located near growing load centers within the SERC Reliability Corporation (“SERC”) and have transmission access to regions outside of SERC. “Based on the realized improvement in the fundamentals of our business, we believe the time is right for a strategic review,” said KGen CEO Richard McLean. “It is our opinion that the market’s expectations have been exceeded by both the speed of market recovery within SERC and the cost of new generation,” McLean added.

The KGen portfolio is comprised of the following assets:

- Murray I – 630 MW natural gas-fired combined-cycle located in Georgia
- Murray II – 620 MW natural gas-fired combined-cycle located in Georgia
- Hot Spring – 620 MW natural gas-fired combined-cycle located in Arkansas
- Hinds – 520 MW natural gas-fired combined-cycle located in Mississippi
- Sandersville – 640 MW natural gas-fired simple-cycle located in Georgia

The Murray I plant has an attractive power purchase agreement with Georgia Power Company, a subsidiary of Southern Company, through May 2012. The remainder of the portfolio operates on a merchant basis.

The Company has retained Credit Suisse Securities (USA) LLC (“Credit Suisse”) as its financial advisor in connection with this strategic review. For additional information, please contact one of the following individuals:

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About KGen Power Corporation

KGen Power Corporation owns and operates merchant electric power generation plants and sells electricity and electrical generation capacity. Its existing portfolio consists of five operational and fully permitted power plants in the southeastern United States, with an aggregate capacity of 3,030 megawatts. For more information, visit www.kgenpower.com.

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