



KGen Power Corporation

December 1, 2008

The Board of Directors of KGen Power Corporation would like to update its stockholders concerning a change to the Board of Directors of the Company.

Our colleague, Jeffrey S. Stein, a Founder and Principal of Durham Asset Management L.L.C., resigned from the Board of Directors effective November 26, 2008. We are grateful to Jeff for his service on the Board. While a director, Jeff worked tirelessly for the Company, contributing significantly to the Board's review of strategic alternatives and to our implementation of value enhancing strategies to the daily operation of the Company's business. We wish Jeff well in all his future endeavors.

In connection with his resignation, Mr. Stein commented: "In light of the considerable investment opportunities that we at Durham see in the capital markets and my role in pursuing these opportunities, I am unable to devote the time necessary to continue serving as a director of the Company. Durham continues to hold a significant investment in the Company and is very optimistic about the potential for value maximization for KGen's shareholders under the strong leadership of my colleagues on the KGen Board."

In light of his resignation, Mr. Stein will not stand for re-election as a director at the upcoming Annual Meeting scheduled to be held on December 10, 2008.

The Board welcomes suggestions from shareholders of potential director candidates to replace Mr. Stein. Until a successor is appointed, the Board size will be reduced to four members.

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

The Board of KGen Power Corporation

Daniel T. Hudson (Chairman)
James P. Jenkins
Gerald J. Stalun
Thomas B. White