



KGen Power Corporation

May 27, 2008

The Board of Directors of KGen Power Corporation would like to update its stockholders concerning changes to the management structure of the Company.

In acknowledgement of the key role that Richard McLean is expected to play in connection with the Company's review of strategic alternatives, the Board has appointed Mr. McLean as the Chief Executive Officer of the Company. Mr. McLean will also continue as the Company's Chief Financial Officer. In addition, the Board elected to terminate the employment of Donald Boyd, Chief Operating Officer. Charles Holland, who has been with the Company since 2004 and was responsible for managing the operation of our facilities when they were owned by Duke Energy, has been promoted to Senior Vice President, Operations. With these changes, the Board believes that the Company's management team is properly staffed both to operate the Company and to take advantage of opportunities that may arise from its strategic review process.

The Company is proceeding with its exploration of strategic alternatives to maximize value for all stockholders and has executed an engagement letter with Credit Suisse to advise the Board in this process. As noted in the Company's April 9, 2008 letter to stockholders the Company determined that it was not in the best interests of the Company or its stockholders to continue discussions with an investor which had made multiple non-binding indications of interest, the last of which was for \$20 per share in cash, subject to due diligence and mutually agreeable documentation. In light of the Board's decision not to pursue a transaction on these terms, this investor has withdrawn its indication of interest.

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