



KGen Power Corporation

**KGEN POWER CORPORATION  
SHAREHOLDER UPDATE  
February 29, 2008**

The Board of Directors of KGen Power Corporation held a regularly scheduled meeting on February 21, 2008.

The first order of business of the meeting was the appointment of Daniel Hudson and William Rockford to KGen's Board of Directors. Mr. Hudson and Mr. Rockford both have considerable experience in the power industry. Mr. Hudson was previously a Vice President with M&A responsibilities at NRG Energy and Duke Energy and is currently the Chief Financial Officer of Navasota Energy, an independent power producer. Mr. Rockford was the head of the Global Power and Project Finance Group of Chase Securities Inc. and also previous to that was the President of Primary Energy, an independent power producer based in Illinois. He currently is a member of the Board of Directors of TECO Energy.

Additionally, the Board discussed the current equity market conditions and the advantages and disadvantages to KGen and its shareholders of completing the registration of KGen shares. After such discussion, the Board decided to suspend our registration process with the Securities and Exchange Commission. The Board continues to believe that it will be in the best interests of KGen and its shareholders to be a public corporation in the future and will evaluate whether to move forward with a registration under more favorable market conditions and depending on business needs. The Board noted that under amendments to Rule 144 which became effective February 15, 2008, all shareholders that are not affiliates of the Company are now free to resell their shares without restriction. Consistent with its past practice, KGen will continue to provide quarterly and annual financial information and host quarterly earnings calls.

The Board and management of KGen are actively considering strategic transactions to enhance shareholder value and have retained Friedman, Billings, Ramsey & Co., Inc. and Credit Suisse in connection with evaluating certain transactions currently under consideration. The Board continues to be committed to maximizing the return to all shareholders.