



KGen Power Corporation Fiscal Fourth Quarter 2012 Earnings Results

September 28, 2012

Agenda

- Introduction
- KGen Update and CEO Comments
- Financial Review
- Q&A

Executives

- Tom White – President, Chief Executive Officer and Director
- Steven McDowell – Vice President of M&A and Finance
- Kevin Redmond – Chief Accounting Officer & Controller

Forward-Looking Statements

Certain items in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not necessarily limited to, statements relating to future operations. Words such as “expect(s)” and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements. KGen’s expectations may not be attained. There are important factors that could cause actual results, level of activity, performance or achievements to differ from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. Many of these factors are described in our annual report to shareholders for the period ended June 30, 2012, which is available on our website, www.kgenpower.com. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this press release may not occur. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. Such forward-looking statements speak only as of the date of this release. KGen expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Reconciliation to GAAP Financial Information

The following presentation contains certain non-GAAP financial measures including adjusted EBITDA, adjusted plant EBITDA, merchant energy margin, merchant capacity sales, adjusted contracted energy margin, adjusted contracted capacity sales, adjusted plant expenses, and adjusted corporate expenses. Reconciliations of these measures to the most directly comparable GAAP measures can be found in our annual report to shareholders for the period ended June 30, 2012

KGen Summary:

- Hinds and Hot Spring Update
- Results and Market Factors
- Murray Escrow
- Detailed Financial Results
- Q & A

Comparison Discussion - 3 Months

	Three Months Ended	Three Months Ended	Favorable/ (Unfavorable)	
	June 30, 2012	June 30, 2011	Change	% Change
<u>(In thousands)</u>				
Merchant energy margin	\$ 4,720	\$ 5,995	\$ (1,275)	(21)%
Merchant capacity sales	-	883	(883)	(100)%
Merchant margin	4,720	6,878	(2,158)	(31)%
Adjusted plant expenses	7,015	7,942	927	12%
Adjusted plant EBITDA	(2,295)	(1,064)	(1,231)	(116)%
Adjusted corporate expenses	2,781	1,868	(913)	(49)%
Adjusted EBITDA	\$ (5,076)	\$ (2,932)	\$ (2,144)	(73)%

Comparison Discussion - 12 Months

	Twelve Months Ended	Twelve Months Ended	Favorable/ (Unfavorable)	
	June 30, 2012	June 30, 2011	Change	% Change
<u>(In thousands)</u>				
Merchant energy margin	\$ 9,795	\$ 16,579	\$ (6,784)	(41)%
Merchant capacity sales	<u>6,837</u>	<u>4,999</u>	<u>1,838</u>	37%
Merchant margin	16,632	21,578	(4,946)	(23)%
Adjusted plant expenses	<u>30,920</u>	<u>30,197</u>	<u>(723)</u>	(2)%
Adjusted plant EBITDA	(14,288)	(8,619)	(5,669)	(66)%
Adjusted corporate expenses	<u>9,245</u>	<u>9,282</u>	<u>37</u>	0%
Adjusted EBITDA	\$ (23,533)	\$ (17,901)	\$ (5,632)	(31)%

Capital & Liquidity as of 06/30/12

- Total cash and cash equivalents of \$112.6 million
 - Unrestricted cash and cash equivalents of \$69.2 million
 - Restricted cash and cash equivalents of \$43.4 million
- Restricted Murray escrow of \$79.7 million

Selected Balance Sheet Items June 30, 2012 (in millions)

Assets

Current assets:

Cash and cash equivalents	\$69.2
Restricted cash and cash equivalents	43.4
Restricted cash in escrow	79.7
Assets held for sale	260.3
Other current assets	<u>0.2</u>
Total current assets	452.8
Net property, plant, and equipment	0.6
Other noncurrent assets	<u>10.3</u>

Total assets **\$463.7**

Liabilities and stockholders' equity

Current liabilities:

Accounts payable and accrued liabilities	\$1.5
Liabilities associated with assets held for sale	<u>19.2</u>
Total current liabilities	20.7
Total stockholders' equity	<u>443.0</u>

Total liabilities and stockholders' equity **\$463.7**

Q&A