



KGen Power Corporation Fiscal First Quarter 2010 Earnings Results

November 13, 2009

Agenda

- Introduction
- KGen Update and CEO Comments
- Financial Review
- Conclusion
- 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

Safe Harbor Statement

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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 quarterly report to shareholders for the period ended September 30, 2009, 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 quarterly report to shareholders for the period ended September 30, 2009

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KGen Summary:

- Annual Meeting Announcement
- Market Factors and Results
- Cost Reductions
- Encouraging Market Sentiments
- Potential Environmental Impacts
- Strategies

Cost Control

Cumulative Cost Savings*

Original Annual Cost Savings	**$000**
Adjusted Corporate Expense Savings from Fiscal 2008 to Fiscal 2009	$6,389
Additional Expected Annual Cost Savings	
Compensation Expense (Adjusted Corporate Expenses)	$600
Insurance (Adjusted Plant Expenses)	$440
3rd Party Auditors (Adjusted Corporate Expenses)	$230
Sublease (Adjusted Corporate Expenses)	$190
Average Operator Fees (Adjusted Plant Expenses)	$950
Total Savings Implemented Since Fiscal 2008	**$8,799**

* All cost savings are exclusive of one time severance expenses, termination fees and ramp up costs.

Comparison Discussion - 3 Months

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(In thousands)	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Favorable/ (Unfavorable) Change	% Change
Merchant energy margin	$ 11,184	$ 14,026	$(2,842)	(20)%
Merchant capacity sales	306	4,691	(4,385)	(93%)
Merchant margin	**11,490**	**18,717**	**(7,227)**	**(39%)**
Adjusted contracted energy margin	3,708	4,875	(1,167)	(24%)
Adjusted contracted capacity sales	26,215	25,699	516	2%
Adjusted contracted margin	**29,923**	**30,574**	**(651)**	**(2%)**
Total adjusted margin	**41,413**	**49,291**	**(7,878)**	**(16%)**
Adjusted plant expenses	13,077	13,610	533	4%
Adjusted plant EBITDA	**28,336**	**35,681**	**(7,345)**	**(21%)**
Adjusted corporate expenses	2,635	3,912	1,277	33%
Adjusted EBITDA	**$ 25,701**	**$ 31,769**	**$ (6,068)**	**(19)%**

Balance Sheet and Financial Metrics

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Capital & Liquidity as of 9/30/09

- Total Cash and cash equivalents of $98.1 million
  - Unrestricted Cash and cash equivalents of $65.2 million
    - $31.0 million at KPC
    - $34.2 million at KGen LLC
  - Restricted cash and cash equivalents of $32.9 million
    - Debt service reserve of $5.8 million
    - Major maintenance reserve of $27.1 million
- Total liquidity of $127.3 million
- Net debt of $106.4 million [1]
- Long term debt to total capitalization ratio of 26%

(1) Net debt defined as (a) long-term debt plus (b) current portion of long-term debt less (c) total cash and cash equivalents.

Selected Balance Sheet Items
September 30, 2009
(in millions)

Assets	
Current assets:	
Cash and cash equivalents	$65.2
Restricted cash and cash equivalents	32.9
Other current assets	22.1
Total current assets	120.2
Net property, plant, and equipment	643.2
Contract-based intangibles (net of amortization)	55.4
Other noncurrent assets	7.0
Total assets	**$825.8**
Liabilities and stockholders' equity	
Current liabilities:	
Accounts payable and accrued liabilities	$13.7
Current portion of long-term debt	2.0
Total current liabilities	15.7
Long-term debt	202.5
Contract-based intangibles (net of amortization)	16.2
Other noncurrent liabilities	3.7
Total stockholders' equity	587.7
Total liabilities and stockholders' equity	**$825.8**

KGen Priorities Moving Forward

- Focus on operational efficiency and excellence
- Capitalize on origination opportunities and maintain disciplined commercial strategy
- Maintain low corporate costs
- Evaluate value-enhancing alternatives

Questions and Answers

Q&A