

June 3, 2014

**KGEN POWER BOARD OF DIRECTORS DECLARES A CASH DISTRIBUTION OF \$0.33  
PER SHARE**

**DISTRIBUTION TO BE PAID ON OR ABOUT JUNE 24, 2014**

The Board of Directors of KGen Power Corporation is pleased to announce that it has declared a cash liquidating distribution of \$0.33 per share to the Company's stockholders of record as of the close of business on June 9, 2014. This distribution will be made to stockholders on or about June 24, 2014. There are a total of 55,982,811 shares of the Company's common stock outstanding, resulting in an aggregate cash distribution of approximately \$18.475 million. We determined the amount of this distribution after considering a variety of factors, including the amount of the Company's cash on hand, our estimates of the costs and expenses necessary to wind down the Company, and what we believe to be an appropriate reserve to fund potential unanticipated expenses. The distribution we announce today is the fourth of a series of liquidating distributions expected to be declared by the Board pursuant to a plan of complete liquidation adopted by the Board in April 2011. Our first liquidating distribution in an amount of \$5.00 per share was distributed to the Company's stockholders in June 2011, our second liquidating distribution in the amount of \$8.60 per share was distributed to the Company's stockholders in December 2012, and our third liquidating distribution in the amount of \$0.45 per share was distributed to the Company's stockholders in December, 2013. We currently estimate that the total amount per share that will be distributed to stockholders and holders of beneficial interests in the liquidating trust we expect to establish in connection with our plan of complete liquidation will be \$14.79, including our previous distributions and the distribution we are announcing today.

Under the terms of our Hot Spring and Hinds transaction agreements, we were required to place approximately \$68 million into escrow accounts to secure our indemnification obligations under those agreements. In December, 2013 \$22 million of that escrow was released to KGen, in accordance with the transaction agreements. On June 2, 2014 \$23.8 million of that escrow was released to KGen, in accordance with the transaction agreements. We currently estimate that the liquidating trust we expect to establish under our plan of liquidation will make a future distribution to stockholders from the proceeds released from the remaining escrow accounts of \$0.41 per share shortly after we receive the last of the escrow installments, which, under the Hot Spring and Hinds transaction agreements, is to be released to us at the end of May 2016.

All other cash will be distributed shortly after the trustees of the liquidating trust determine in their discretion that all remaining liabilities and obligations (including contingent obligations) of the Company and the liquidating trust have been satisfied or satisfactorily provided for.

Please note that the timing indicated above reflects our best estimates based on the information available to us today. The actual amounts distributed by the liquidating trust and the timing of these distributions will depend on a number of factors, including the extent, if any, to which indemnification liabilities arise in connection with our sale transactions, escrowed amounts are released to us later than

anticipated as a result of unresolved disputes with our transaction counterparties or otherwise, our wind down expenses are more than anticipated or other unforeseen events or circumstances occur.

As discussed in detail in our Letter to Shareholders on May 15, 2014, we expect to liquidate the Company and transfer all remaining assets and liabilities to a liquidating trust on June 30, 2014. At that time, we expect to distribute beneficial interests in the liquidating trust to all stockholders of record. Note that the distribution of beneficial interests may result in a taxable event to some stockholders, depending on each stockholder's tax basis in its KGen shares. Also note that the beneficial interests will not generally be transferable.

Please see the Company's Letter to Shareholders dated May 15, 2014 and the proxy materials dated January 7, 2013 for a detailed discussion concerning the liquidation process, the significant limits on transferring the beneficial interests in the liquidating trust, and details on the potential tax considerations.

We encourage you to call Thomas White at (713) 979-1935 if you have any questions.

#### **The Board of KGen Power Corporation**

Daniel Hudson (Chairman)

Thomas B. White (President and Chief Executive Officer)

#### **About KGen Power Corporation**

KGen Power Corporation previously owned and operated merchant electric power generation plants and sold electricity and electrical generation capacity. For more information, visit [www.kgenpower.com](http://www.kgenpower.com).