



KGen Power Corporation Fiscal Third Quarter 2011 Earnings Results

May 13, 2011

Agenda

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

Executives

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

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 March 31, 2011, which is available on our website, www.kgenpower.com. In particular, the amounts ultimately distributed by KGen to its stockholders and the timing of receipt by KGen of proceeds from its transactions may differ from what is forecasted as a result of a variety of factors, including the Hinds or Hot Springs cash purchase prices being subject unanticipated adjustments under the terms of the transaction agreements, indemnification liabilities arising in connection with our sale transactions, the closing of the Hinds or Hot Springs transactions occurring sooner or later than anticipated, escrowed amounts being released to us later than anticipated as a result of unresolved disputes with our transaction counterparties or otherwise, the amount of tax net operating losses available to offset taxable gain on our sales being more or less than estimated, our operating losses and wind down costs being more or less than anticipated or the occurrence of other unforeseen events or circumstances. In light of these risks, uncertainties and assumptions, the future performance, events distributions described in the forward-looking statements in this presentation may not occur or may occur later or in amounts less then anticipated. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results or the amount or timing of future distributions 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

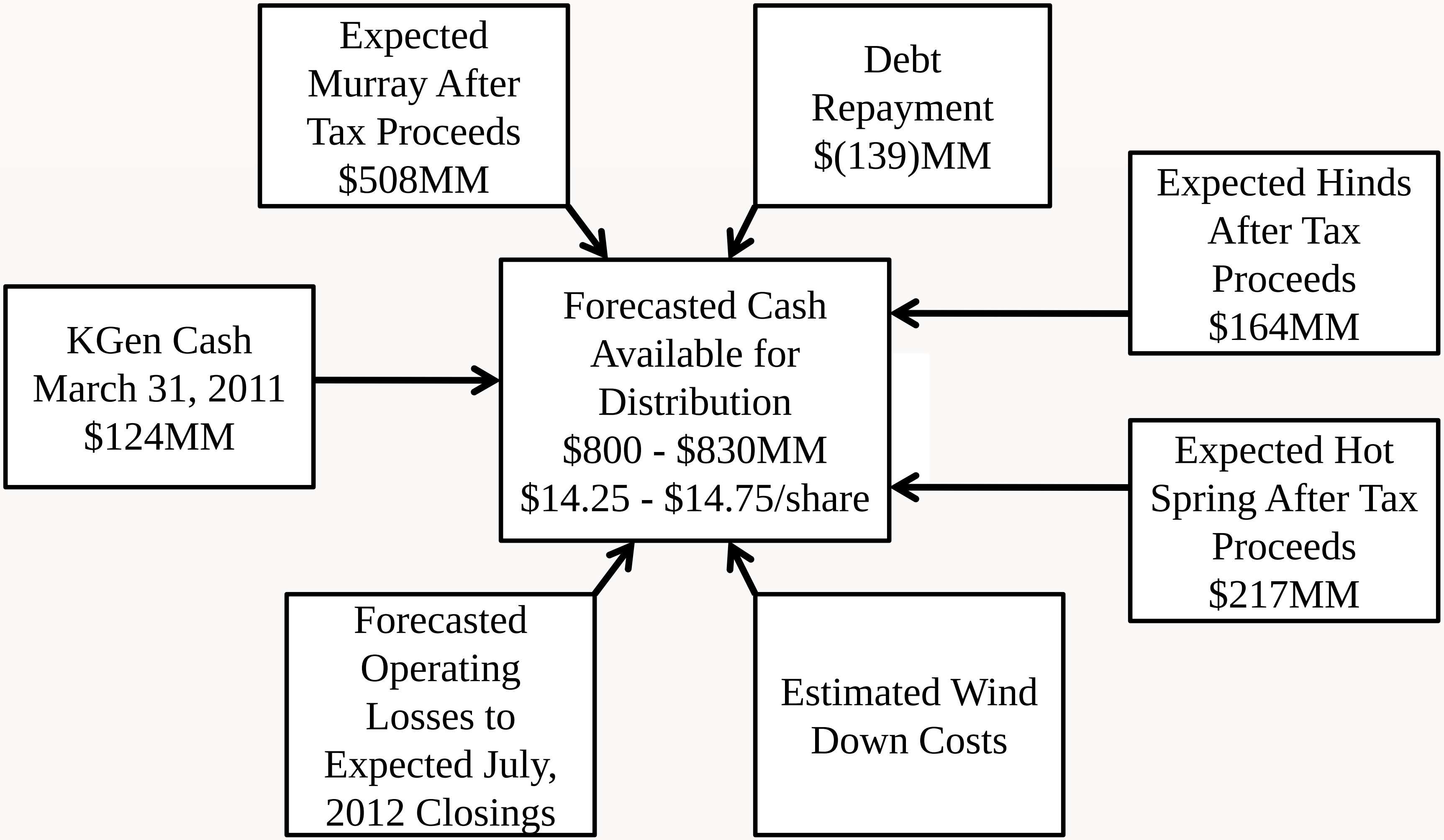
Reconciliation to GAAP Financial Information

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 March 31, 2011

KGen Summary:

- Special Meeting Scheduled for June 13th
- Murray Sale Update
- Hinds & Hot Spring Sale to Entergy
- Distribution Discussion
- Quarterly Results
- Market Update
- KGen Strategies

Forecasted Total Cash Distribution



Post Murray (after tax) Expected Sale Proceeds Timing

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- Hinds and Hot Spring proceeds in mid 2012 ($313MM)*
- Murray escrow returned in 4th quarter calendar 2012 (80MM)*
- Partial Hinds and Hot Spring escrow returned mid 2013 ($22MM)*
- Partial Hinds and Hot Spring escrow returned late 2013 ($24MM)*
- Final Hinds and Hot Spring escrow returned late 2015 ($22MM)*

* Amounts of proceeds subject to closing adjustments and potential indemnity claims. Assumes Hot Spring and Hinds sales close in mid calendar 2012. See March 31, 2011 quarterly report and previous financial reports for risk factors regarding sales transactions.

Comparison Discussion - 3 Months

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(In thousands)	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Favorable/ (Unfavorable) Change	% Change
Merchant energy margin	$ 1,444	$ 1,275	$ 169	13%
Merchant capacity sales	707	442	265	60%
Merchant margin	**2,151**	**1,717**	**434**	**25%**
Adjusted contracted energy margin	600	1,060	(400)	(38%)
Adjusted contracted capacity sales	5,845	5,729	116	2%
Adjusted contracted margin	**6,505**	**6,789**	**(284)**	**(4%)**
Total adjusted margin	**8,656**	**8,506**	**150**	**2%**
Adjusted plant expenses	18,383	13,526	(4,857)	(36%)
Adjusted plant EBITDA	**(9,727)**	**(5,020)**	**(4,707)**	**(94%)**
Adjusted corporate expenses	3,758	3,172	(586)	(18%)
Adjusted EBITDA	**$ (13,485)**	**$ (8,192)**	**$ (5,293)**	**(65%)**

Comparison Discussion - 9 Months

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(In thousands)	Nine Months Ended March 31, 2011	Nine Months Ended March 31, 2010	Favorable/ (Unfavorable) Change	% Change
Merchant energy margin	$ 21,547	$ 15,466	$ 6,081	39%
Merchant capacity sales	4,116	939	3,177	338%
Merchant margin	**25,663**	**16,405**	**9,258**	**56%**
Adjusted contracted energy margin	3,933	5,171	(1,238)	(24%)
Adjusted contracted capacity sales	37,814	37,562	252	1%
Adjusted contracted margin	**41,747**	**42,733**	**(986)**	**(2%)**
Total adjusted margin	**67,410**	**59,138**	**8,272**	**14%**
Adjusted plant expenses	48,435	41,261	(7,174)	(17%)
Adjusted plant EBITDA	**18,975**	**17,877**	**1,098**	**6%**
Adjusted corporate expenses	9,475	8,445	(1,030)	(12%)
Adjusted EBITDA	**$ 9,500**	**$ 9,432**	**$ 68**	**1%**

Balance Sheet and Financial Metrics

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Capital & Liquidity as of 3/31/11[1]

- Total cash and cash equivalents of $124.1 million
  - Unrestricted cash and cash equivalents of $116.7 million
    - $41.2 million at KPC
    - $75.5 million at KGen LLC
  - Restricted cash and cash equivalents of $7.4 million
    - Debt service reserve of $4.4 million
    - Major maintenance reserve of $3.0 million
- Total liquidity of $188.7 million
- Net debt of $9.3 million [2]
- Long-term debt to total capitalization ratio of 19%

(1) Amounts are prior to Murray closing and the termination of our credit facility on 4-8-2011

(2) 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
March 31, 2011
(in millions)

Assets	
Current assets:	
Cash and cash equivalents	$116.7
Restricted cash and cash equivalents	7.4
Assets held for sale	353.6
Other current assets	8.9
Total current assets	486.6
Net property, plant, and equipment	248.3
Other noncurrent assets	2.8
Total assets	**$737.7**
Liabilities and stockholders' equity	
Current liabilities:	
Accounts payable and accrued liabilities	$11.6
Current portion of long-term debt	1.4
Liabilities associated with assets held for sale	6.6
Total current liabilities	19.6
Long-term debt	132.0
Contract-based intangibles (net of amortization)	13.8
Other noncurrent liabilities	1.2
Total stockholders' equity	571.1
Total liabilities and stockholders' equity	**$737.7**

Questions and Answers

Q&A