



KGen Power Corporation

May 26, 2011

To All Current and Prospective Stockholders of KGen Power Corporation

Re: Acquisition of KGen Power Corporation Stock

As discussed in our letter dated December 22, 2009, the generating companies owned by KGen Power Corporation (“KGen”)—KGen Hinds LLC and KGen Hot Spring LLC (collectively, “KGen Projects”)—are subject to regulation as public utilities by the Federal Energy Regulatory Commission (“FERC”) pursuant to the Federal Power Act (“FPA”). In October 2009, the KGen Projects received an order from FERC holding that, based on the facts before it in that case, the KGen Projects required FPA approval with respect to certain trades of KGen common stock among stockholders (“Secondary Market Trades”) that resulted in an entity holding 10% or more of KGen’s common stock.<sup>1</sup>

So that the KGen Projects have the opportunity to obtain any FERC authorizations that may be required for future Secondary Market Trades, KGen requests that all stockholders or prospective stockholders (collectively “Stockholders”) notify William R. Marlow, KGen’s General Counsel, if such Stockholder is planning to:

- (1) acquire KGen shares that would result in its (together with its affiliates<sup>2</sup>) holding 10% or more of KGen’s common stock; or
- (2) sell any KGen common stock to an entity (regardless of whether that entity is an existing Stockholder) that would cause such acquiring entity (together with its affiliates) to own 10% or more of KGen’s common stock.

KGen requests that this notice be provided not only in circumstances in which the acquiring entity (together with its affiliates) first acquires interests of 10% or more, but also in circumstances in which the acquiring entity (together with its affiliates) already holds 10% or more and is acquiring additional shares of KGen common stock. KGen further requests that Stockholders refrain from consummating any such transactions until the KGen Projects have determined whether prior FERC approvals are required before the transaction is consummated, and, if so, have obtained such FERC approvals.

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<sup>1</sup>*KGen Hinds LLC, et al.*, 129 FERC ¶ 61,056 (2009).

<sup>2</sup>The term “affiliate” of a specified company means (i) any person that directly or indirectly owns, controls, or holds with the power to vote, 10 percent or more of the outstanding voting securities of the specified company; (ii) any company 10 percent or more of whose outstanding voting securities are owned, controlled, or held with power to vote directly or indirectly, by the specified company; and (iii) any person that is under common control with the specified company.

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FERC has the authority to impose penalties for violations of the FPA.

If there is any doubt as to whether a particular Secondary Market Trade would result in an entity holding 10% or more of KGen's common stock, please notify KGen for assistance in making this determination.

William R. Marlow  
General Counsel