

KGEN POWER CORPORATION

Four Oaks Place
1330 Post Oak Boulevard, Suite 1500
Houston, Texas 77056

November 17, 2011

To the Stockholders of KGen Power Corporation:

On behalf of the Board of Directors, we cordially invite you to attend the 2011 Annual Meeting of Stockholders of KGen Power Corporation. The Annual Meeting will be held on December 15, 2011, at 2:00 p.m., local time, in the Central Plains conference room, Suite 200, of the Four Oaks Place building located at 1330 Post Oak Blvd, Houston, Texas 77056.

A description of business to be conducted at the Annual Meeting is set forth in the attached Notice of Annual Meeting and Proxy Statement. Also enclosed is a copy of our fiscal year 2011 Annual Report to Stockholders.

It is important that your views be represented whether or not you are able to be present at the Annual Meeting. We urge you to vote on the Internet or by telephone using the number shown on your proxy card, or to complete, sign, date, and return the enclosed proxy card promptly in the accompanying postage-paid envelope.

To Vote by Internet and to Receive Materials Electronically

Read the Proxy Statement

Go to the website (www.proxyvote.com) that appears on your Proxy Card.
Enter the control number found in the shaded box on the front of your
Proxy Card and follow the simple instructions.

Choose to receive an e-mail notice when proxy statements and annual reports are
available for viewing over the Internet. You will cut down on bulky paper
mailings, help the environment, and lower expenses paid by your company.

The deadline for Internet and telephone voting is 11:59 p.m., Eastern Standard Time, on December 14, 2011. We encourage you to vote via the Internet using the control number that appears on the front of your Proxy Card and to choose to view future mailings electronically rather than receiving them on paper.

Sincerely,



Daniel Hudson
Chairman



Thomas B. White
President and Chief Executive Officer

KGEN POWER CORPORATION

NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on December 15, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of KGen Power Corporation will be held on December 15, 2011, at 2:00 p.m., local time, in the Central Plains conference room, Suite 200, of the Four Oaks Place building located at 1330 Post Oak Blvd, Houston, Texas 77056 for the following purposes:

1. To elect three directors to the Board of Directors, each to hold office until the 2012 Annual Meeting of Stockholders and until such director's respective successor shall have been duly elected and qualified;
2. To ratify the appointment by the Board of Directors of Deloitte & Touche LLP as the independent registered public accountants for the Company for the fiscal year ending June 30, 2012; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

This Notice is accompanied by a form of proxy, a Proxy Statement and the Company's Annual Report to Stockholders for the fiscal year ended June 30, 2011 (the "Annual Report"). The foregoing items of business are more fully described in the Proxy Statement.

In accordance with the Company's Bylaws, the close of business on November 4, 2011 has been fixed as the Record Date for the determination of the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. A list of stockholders entitled to notice of and to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose germane to the meeting, at the offices of KGen Power Corporation, 1330 Post Oak Blvd, Suite 1500, Houston, Texas 77056, Attention: William Marlow, during ordinary business hours for the ten days immediately prior to the Annual Meeting. The stockholder list will also be available for inspection at the Annual Meeting by any stockholder present at the meeting.

By Order of the Board of Directors,



William R. Marlow
Secretary

Houston, Texas
November 17, 2011

IMPORTANT

Most stockholders have a choice of voting on the internet, by telephone, or by mail using a traditional proxy card. Please refer to the proxy card or other voting instructions included with these proxy materials for information on the voting methods available to you. If you vote by telephone or on the internet, you do not need to return your proxy card.

KGEN POWER CORPORATION
Four Oaks Place
1330 Post Oak Boulevard, Suite 1500
Houston, Texas 77056

PROXY STATEMENT FOR THE 2011 ANNUAL MEETING OF STOCKHOLDERS

General

The enclosed proxy is solicited on behalf of the Board of Directors of KGen Power Corporation (the “Company” or “KGen”) for use at the Annual Meeting of Stockholders to be held on December 15, 2011, at 2:00 p.m., local time, or at any adjournment thereof (the “Annual Meeting”). The Annual Meeting will be held in the Central Plains conference room, Suite 200, of the Four Oaks Place building located at 1330 Post Oak Blvd, Houston, Texas 77056. The purposes of the Annual Meeting are set forth in the attached Notice of Annual Meeting of Stockholders.

This Proxy Statement, the Notice of Annual Meeting of Stockholders, the form of proxy and the Annual Report are being mailed to stockholders on or about November 17, 2011.

Record Date and Share Ownership

Stockholders of record on the Company’s books at the close of business on November 4, 2011 (the “Record Date”) are entitled to vote at the Annual Meeting. At the Record Date, 56,122,404 shares of the Company’s Common Stock (the “Common Stock”) were issued and outstanding. For information concerning stock ownership by our directors and officers, see the section on “Security Ownership of Directors and Management” that follows.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person who gave the proxy at any time before its use by: (1) delivering to the Company a written notice of revocation prior to the voting of the proxy, (2) submitting a subsequent proxy by Internet or telephone or delivering to the Company a duly executed proxy bearing a later date, or (3) if you are a stockholder of record, attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Voting and Solicitation

Each stockholder of record is entitled to one vote for each share of Common Stock held in his or her name on the Record Date on each matter submitted to a vote at the Annual Meeting. Cumulative voting is not permitted with respect to any proposal to be acted upon at the Annual Meeting.

If properly completed and received by the Company (whether by mail, telephone or Internet) before the Annual Meeting, any proxy representing shares of Common Stock entitled to be voted at the Annual Meeting and specifying how it is to be voted will be voted accordingly. Any such proxy, however, which fails to specify how it is to be voted on a proposal for which a specification may be made, will be voted on such proposal in accordance with the recommendation of the Board of Directors.

A quorum of stockholders is necessary to hold a valid Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum. The approval of the proposals presented at the Annual Meeting, other than the election of directors, will require the affirmative vote of a majority of the total votes cast by holders of the outstanding shares of Common Stock entitled to vote and present in person or represented by proxy at the Annual Meeting.

A director nominee will be elected if he receives affirmative votes representing a majority of the votes cast at the meeting with respect to his election. Because each of the Board’s nominees is a current director of the Company, any nominee who fails to be elected at the Annual Meeting will remain in office as a “holdover” director until the earlier of his resignation, removal or death or the election by the stockholders of a successor director. Votes will be counted by the inspector of election appointed for the meeting, who will separately count “For” and “Against” votes, abstentions and broker non-votes. A “broker non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to the proposal and has not received

instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions). Abstentions and broker non-votes will be counted in determining whether a quorum is present. With respect to each of the proposals, abstentions and broker non-votes will not be counted in determining the number of votes necessary for approving the proposal.

When a stockholder signs or otherwise electronically or telephonically submits the proxy card, he or she appoints Thomas White, our Chief Executive Officer, and Steven McDowell, our Vice President, Mergers and Acquisitions and Finance, or each of them, as his or her representatives at the Annual Meeting. Thomas White or Steven McDowell will vote the shares, as instructed on the proxy card (whether by mail, telephone or Internet), at the Annual Meeting. In this manner, the shares will be voted whether or not the stockholder attends the Annual Meeting. Even if the stockholder plans to attend the Annual Meeting, he or she should complete, sign and return or otherwise electronically or telephonically submit the proxy card in advance of the Annual Meeting in the event of a change in plans.

The cost of soliciting proxies will be borne by the Company. In addition, the Company expects to reimburse brokerage firms and other persons representing beneficial owners of Common Stock for their expenses in forwarding solicitation material to such beneficial owners. Proxies may be solicited by mail and may be supplemented by telephone or personal solicitation by certain of the directors, officers and regular employees of the Company or, at the Company's request, by a professional proxy solicitor. No additional compensation will be paid to directors, officers or regular employees for such services, but if professional proxy solicitors are used, such solicitors will be paid their customary fees by the Company.

Pursuant to Delaware law, the Board of Directors shall appoint an inspector to act at the Annual Meeting. The inspector shall carry out the duties imposed pursuant to Section 231 of the Delaware General Corporation Law, including the counting of votes.

Voting via the Internet or by Telephone

Most beneficial owners whose stock is held in street name receive voting instruction forms from their banks, brokers, or other agents.

A number of brokers and banks participate in a program provided through Broadridge Financial Solutions, Inc. that offers telephone and internet votes of proxies. If your shares are held in an account with a broker or bank participating in the Broadridge Financial Solutions, Inc. program, you may vote your proxy for those shares telephonically by calling the telephone number shown on the form received from your broker or bank, or via the Internet at Broadridge Financial Solutions, Inc.'s web site at <http://www.proxyvote.com>.

Dissenters' Right of Appraisal

Under Delaware law, there are no statutory or contractual rights of appraisal or similar remedies available to stockholders who dissent from any matter to be acted upon at the Annual Meeting.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Three directors are to be elected to the Board of Directors at the Annual Meeting. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the three nominees of the Board of Directors named below, all of whom are presently directors of the Company and have served continuously since the month and year indicated opposite each such director's name in the following table, each to hold office for a term expiring at the next Annual Meeting of Stockholders of the Company and until such director's successor shall have been duly elected and qualified. In the event that any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies voted for that nominee will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director.

Nominees for the Board of Directors

The names of the nominees for director, their ages and certain other information about them are set forth below:

<u>Name of Nominee</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Daniel T. Hudson.....	45	Chairman of the Board; president and CFO of Navasota Energy Services LLC and Montgomery Power Partners LP	February 2008
Gerald J. Stalun.....	53	Managing Director and the global head of power at EIG Global Energy Partners, LLC	May 2008
Thomas B. White	55	President and Chief Executive Officer of the Company	April 2008

There is no family relationship between any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company.

The following information, which has been provided by the Company's director nominees, sets forth each such person's principal occupation, employment and business experience during the past five years, and the period during which such person served as a director of the Company.

Daniel T. Hudson

Mr. Hudson became a director in February of 2008 and was elected Chairman of the Board in May 2008. Mr. Hudson is the president and CFO and a principal owner of Navasota Energy Services LLC and Montgomery Power Partners LP. He is responsible for M&A, capital formation/management from private equity, third- party debt, and equity-raising. Navasota Energy Services LLC is currently the Asset Manager for 1,000 MW Guadalupe Power Partners LP located in New Braunfels, Texas. Montgomery Power Partners LP is a majority owner in 600 MV Hartland Wind Farm LLC located in North Dakota. Until April, 2010, Mr. Hudson was a Director and CFO of Navasota Holdings Texas Partners LP, a 1,650 MW ERCOT portfolio. During 24 years of industry experience, Mr. Hudson has focused on wholesale electric and gas markets. His background includes asset acquisition and divestiture strategies, implementation, and financing at Navigant Consulting, Duke Energy North America, and NRG Energy. Prior to joining Navigant, Hudson served as Managing Director of Acquisitions and Divestitures for Duke where he led the company's acquisition and divestiture program. Mr. Hudson received a BS in Mechanical Engineering from the University of Minnesota and an MBA from the University of St. Thomas.

Gerald J. Stalun

Mr. Stalun became a director in May 2008. Mr. Stalun is a Managing Director and the global head of power at EIG Global Energy Partners, LLC, (EIG) formerly TCW Group, Inc's Energy & Infrastructure Group (TCW EIG). EIG currently has approximately \$11 billion of energy and infrastructure investments under management. Mr. Stalun has more than 25 years of experience in the global power business, most recently as Head of Asset Based Investments for Arcapita, a leading private equity firm active in the sector. Previous positions in the industry include SVP of GE Energy Financial Services, Managing Director and Executive Vice President of Duke Capital Partners and Managing Director and Co-Head of Power Project Finance for Bank of America. He received a B.S. in Accounting from the University of Illinois and an MBA from the University of Chicago. Mr. Stalun previously practiced as a Certified Public Accountant in Illinois. Previous board memberships include Bosque Power, Falcon Gas Storage, as well as current board memberships of Kelson Energy, Inc. and Milford Holdings LLC.

Thomas B. White

Mr. White became a director in April 2008 and was named President and Chief Executive Officer in March 2009. Prior to joining the management of KGen, Mr. White was employed as a director by Stark Investments, a multi-strategy asset management firm with over \$14 billion in assets under management. At Stark, Mr. White was responsible for the identification, evaluation, and closing on private equity type investments in physical energy assets and businesses, as well as supporting asset management activities for investments made by Stark through the energy asset team and investments employed through other asset strategies including risk arbitrage and commodity hedging structures. From 2002 to 2006, Mr. White was employed by Marathon Capital, LLC, a boutique investment banking firm focusing on the power generation and renewable energy markets, where he was an officer and Managing Director from 2003 to 2006. At Marathon, Mr. White was the principal executive responsible for banking, origination and marketing activities which included the sourcing, evaluation, and closing of non-recourse financing structures for renewable and conventional energy assets and for managing financial consulting efforts with corporate clients in the acquisition and divestiture of energy assets and portfolios in these markets. From

1996 to 2002, Mr. White was employed by Duke Energy, where he was senior director, Development, for Duke Energy North America from 2001 to 2002 and Vice President, Industrial Services, for DukeSolutions, Inc. for 1997 to 2001. Mr. White received his Bachelor of Sciences in Mechanical Engineering from the University of Illinois and through 2010 was a Registered Professional Engineer in the State of Illinois. From 2004 to 2007, Mr. White was a Registered Representative and held Series 7 and Series 63 Licenses. Mr. White is currently a Director of Renewable Biofuels, a Houston-based biofuel production company.

The Board of Directors recommends a vote FOR each named nominee for director.

**PROPOSAL NO. 2:
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Board of Directors selected Deloitte & Touche LLP, independent registered public accountants, as the independent registered public accountants to audit the financial statements of the Company for the fiscal year ending June 30, 2012 and recommends that the stockholders ratify such selection.

Stockholder ratification of the selection of Deloitte & Touche LLP as the Company’s independent registered public accountants is not required by the Company’s Bylaws or otherwise. However, the Board of Directors is submitting the selection of Deloitte & Touche LLP to audit the Company’s financial statements for the year ending June 30, 2012 to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Board of Directors will reconsider whether or not to retain the firm. Even if the selection is ratified, the Board of Directors, in its discretion, may direct the appointment of different independent registered public accountants at any time if the Board of Directors determines that such a change would be in the best interests of the Company and its stockholders.

The Board of Directors recommends a vote FOR approval of this proposal. If not otherwise specified, proxies will be voted FOR approval.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The table below reflects the number of shares beneficially owned by (a) each director of the Company, (b) each executive officer of the Company named in the Summary Compensation Table, and (c) all directors and officers as a group (including officers of the Company not reflected below). Unless otherwise noted, the information is stated as of October 31, 2011. There were 56,122,404 shares of Common Stock outstanding as of October 31, 2011.

<u>Officers/Directors</u>	<u>Shares Beneficially Owned(1)</u>
Daniel T. Hudson.....	136,321
Gerald J. Stalun.....	0(2)
Thomas B. White.....	42,468
James H. Sweeney.....	249,216
William R. Marlow.....	158,388
Charles L. Holland.....	157,678
W. Kevin Redmond.....	104,589
All officers/directors combined.....	955,964

Notes:

- (1) Shares beneficially owned include shares subject to options exercisable as of and within 60 days of October 31, 2011. The exercise prices for these options are included in the table set forth below under “Outstanding Equity Awards as of June 30, 2011”. Each of the share numbers listed represented less than 1% of the outstanding shares of common stock.
- (2) Mr. Stalun is a Managing Director of EIG Global Energy Partners, LLC (EIG). Funds and an investor for which an affiliate of EIG serves as subadvisor, together, own 5,714,286 shares of common stock (10.20% of the outstanding shares of common stock). Mr. Stalun disclaims beneficial ownership of these shares.

CORPORATE GOVERNANCE

Corporate Code of Conduct

We have adopted a code of conduct for each of our employees to follow. Our Board of Directors and management insist on integrity, honesty and ethical behavior in the workplace.

Independence of the Board of Directors

The Company has affirmatively determined that no member of the Board of Directors (other than Mr. White) has a relationship which, in the opinion of the Company, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director of the Company. Based on this determination, the Board of Directors considers all of its members, except Mr. White, to be independent.

NAMED EXECUTIVE OFFICERS

The names, ages, and certain other information pertaining to the named executive officers of the Company listed in the Summary Compensation Table, and who were appointed by and serve at the discretion of the Board of Directors, are set forth below.

<u>Name</u>	<u>Age</u>	<u>Company Position</u>
Thomas B. White	55	President, Chief Executive Officer and Director
James H. Sweeney	53	Executive Vice President, Energy Management
William R. Marlow	44	General Counsel and Secretary
Charles L. Holland.....	69	Executive Vice President, Operations
W. Kevin Redmond	47	Chief Accounting Officer and Controller

Thomas B. White

Mr. White's biographical information is set forth above under "Proposal No. 1: Election of Directors—Nominees for the Board of Directors."

James H. Sweeney

Mr. Sweeney is our Executive Vice President, Energy Management. Mr. Sweeney has been with KGen since our formation and held the position of Senior Vice President, Energy Management with our predecessor from June 2004. Prior to joining KGen, Mr. Sweeney was employed by American Electric Power as Vice President—M&A and Divestitures from 2002 to 2004, and as Vice President—Latin America from 1998 to 2002. From 1987 to 1998, Mr. Sweeney held various senior positions at LG&E Energy (formerly Hadson & Ultrasystems) including Vice President—Latin American Development. Mr. Sweeney has a BS in electrical engineering from Worcester Polytechnic Institute and an ME in power systems from Rensselaer Polytechnic Institute.

William R. Marlow

Mr. Marlow has been our General Counsel and Secretary since our formation and held that position with our predecessor from March 2005. Mr. Marlow was an attorney at Bracewell & Patterson LLP from 1992 to 2005 where he left as a partner in the Real Estate, Energy, and Finance practice group. Mr. Marlow holds a BBA from the University of Houston and a JD from The University of Texas School of Law.

Charles L. Holland

Mr. Holland is our Executive Vice President, Operations. Mr. Holland has been with KGen since our formation and joined our predecessor as Vice President, Operations in October 2004. He was previously employed with Duke Energy from 1995 to 2004. Initially in his career with Duke Energy he held the position of Vice President, Asia Pacific, and was responsible for the development of power projects in that region. Immediately prior to joining the Company he was a Managing Director in the North American merchant power business unit with responsibility for managing the plants that the Company acquired from Duke Energy. Prior to 1995, Mr. Holland held a number of officer-level positions with companies involved in the development, design, construction, and operation of power generating facilities. Mr. Holland holds a BS degree in nuclear engineering from North Carolina State University.

W. Kevin Redmond

Mr. Redmond has been our Chief Accounting Officer & Controller since our formation. Mr. Redmond joined our predecessor as Controller in March 2005. He has over 15 years of experience working with energy related companies. He began his career working as an internal auditor for a national printing company. He subsequently joined Ernst & Young, LLP, an international accounting firm, and worked primarily in the Energy group focusing on power/energy clients during his four-year tenure. Mr. Redmond later joined Tractebel Power, Inc. (aka Suez Energy Generation) and ultimately became Vice President, Controller during his eight-year tenure from 1996 to 2004. He also worked with a local consulting firm, Sirius Solutions, from 2004 to 2005, providing Sarbanes Oxley implementation assistance to energy companies. Mr. Redmond has a BS degree from Texas A&M University and an MBA from University of Houston. He is a licensed Certified Public Accountant.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth information regarding compensation paid to our President and Chief Executive Officer and the next four most highly compensated executive officers for the fiscal year 2011. The Summary Compensation Table and the Outstanding Equity Awards Table should be viewed together to best understand the short- and long-term incentive components of our compensation.

For each named executive officer, the amounts shown in each column represent compensation earned in or in respect of the fiscal years indicated. Please note that, except as otherwise noted, all amounts reflected below are the total compensation paid to such individuals during the fiscal years 2009, 2010 and 2011.

SUMMARY COMPENSATION TABLE

Named Executive Officer and Principal Position	Fiscal Year	Salary(2) (\$)	Bonus (\$)	Non-Equity Incentive Plan Compensation(3) (\$)	Restricted Stock Unit Awards(4) (\$)	All Other Compensation(5) (\$)	Total (\$)
Thomas B. White,.....	2011	425,000	200,000	469,272	0	31,994	1,126,266
President, Chief Executive Officer and Director(1)	2010	425,000	0	0	150,000	38,898	613,898
	2009	125,593	0	0	120,000	52,753	298,346
James H. Sweeney,.....	2011	318,000	213,060	298,457	181,525	27,039	1,038,081
Executive Vice President, Energy Management	2010	318,000	213,060	0	0	25,735	556,795
	2009	318,000	100,000	0	0	50,512	468,512
William R. Marlow,.....	2011	300,000	201,000	281,563	171,250	27,435	981,248
General Counsel and Secretary	2010	300,000	201,000	0	0	25,601	526,601
	2009	300,000	100,000	0	0	44,147	444,147
Charles L. Holland,.....	2011	300,000	201,000	281,563	171,250	28,028	981,841
Executive Vice President, Operations	2010	300,000	201,000	0	0	28,745	529,745
	2009	300,000	100,000	0	0	49,534	449,534
W. Kevin Redmond,.....	2011	232,000	155,440	217,742	132,431	31,908	769,521
Chief Accounting Officer and Controller	2010	232,000	155,440	0	0	29,972	417,412
	2009	232,000	100,000	0	0	47,341	379,341

- (1) Mr. White became President and Chief Executive Officer in March 2009.
- (2) As of October 31, 2011, the annual base salaries for Messrs. White, Sweeney, Marlow, Holland and Redmond were \$425,000, \$318,000, \$300,000, \$300,000 and \$232,000, respectively.
- (3) Cash bonuses were paid to each of Messrs. White, Sweeney, Marlow, Holland and Redmond in connection with the closing on the sale of the Company’s Sandersville and Murray power generation facilities as described under “Senior Employee Bonus and Retention Plan and Restricted Stock Unit Awards.” A portion of the bonus amounts in respect of the sale of the Company’s Murray power generation facility has not yet been paid and will be paid to the executive if, when and to the extent the escrow amount is received by the Company with respect to such sale.
- (4) The amount presented with respect to each executive represents the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718. On October 5, 2010, Mr. White was granted a performance bonus of 15,000 restricted stock units, all of which vested immediately and which were not transferable by Mr. White for one year. During fiscal year 2009, the Company also granted Mr. White 20,000 shares of restricted stock units which vest ratably over three years. For each of Messrs. Sweeney, Marlow, Holland and Redmond, the

Company granted to each executive on August 13, 2010, 26,500, 25,000, 25,000 and 19,333, restricted stock units, respectively, that vest in connection with the sale of the Company's power generation facilities as discussed under "Senior Employee Bonus and Retention Plan and Restricted Stock Unit Awards."

(5) See table below for further detail.

ALL OTHER COMPENSATION FOR FISCAL YEAR 2011

Named Executive Officer	Term Life and Disability Premiums Paid by Company	Medical, Dental and Vision Premiums Paid by Company	Health Savings Accounts Contributions	401(k) Matching	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Thomas B. White	3,310	15,279	6,055	7,350	31,994
James H. Sweeney	2,732	10,902	6,055	7,350	27,039
William R. Marlow	2,863	11,168	6,055	7,350	27,436
Charles L. Holland	2,551	11,168	6,959(1)	7,350	28,028
W. Kevin Redmond	2,641	16,252	6,055	6,960	31,908

(1) For Mr. Holland, the \$6,959 is paid to him in cash in lieu of an HSA deposit as he is not a participant in the health plan.

The following table shows the number and value of stock options (exercisable and not), and unvested restricted stock units held on June 30, 2011 by the named executive officers. All of these options were issued in connection with the Company's acquisition of KGen Partners LLC in February 2007. No new options were granted to employees of the Company in fiscal year 2011.

OUTSTANDING EQUITY AWARDS AS OF JUNE 30, 2011

Named Executive Officer	Option Awards				Stock Unit Awards
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Options Exercise Price (\$)	Options Expiration Date	Number of Units of Stock That Have Not Vested
Thomas B. White(1)	—	—	—	—	6,666
James H. Sweeney(2)	97,971	—	9.00	2/7/2017	10,600
	41,400	—	10.40	2/7/2017	
	41,400	—	11.80	2/7/2017	
	20,699	—	13.20	2/7/2017	
William R. Marlow(2)	51,469	—	9.00	2/7/2017	10,000
	34,094	—	10.40	2/7/2017	
	34,094	—	11.80	2/7/2017	
	17,047	—	13.20	2/7/2017	
Charles L. Holland(2)	58,143	—	9.00	2/7/2017	10,000
	25,814	—	10.40	2/7/2017	
	25,814	—	11.80	2/7/2017	
	12,907	—	13.20	2/7/2017	
W. Kevin Redmond(2)	32,428	—	9.00	2/7/2017	7,733
	23,135	—	10.40	2/7/2017	
	23,135	—	11.80	2/7/2017	
	11,568	—	13.20	2/7/2017	

(1) Mr. White was granted 20,000 restricted stock units in connection with entering into his employment agreement. 6,667 of these restricted stock units vested on each of March 13, 2010 and March 13, 2011. The remaining 6,666 of these restricted stock units are scheduled to vest on March 13, 2012.

(2) Messrs. Sweeney, Marlow, Holland and Redmond received stock option grants in four tranches (grouped by exercise price), all of which have vested. In connection with the Board's declaration of a cash distribution of \$5.00 per share to the Company's stockholders on or about June 24, 2011, the exercise price per share applicable to each of the stock options outstanding under the Company's 2006 Equity Incentive Plan was adjusted downwards by \$5.00 per share in accordance with the terms of the Plan. The adjusted exercise prices are reflected herein. Messrs. Sweeney, Marlow, Holland and Redmond received grants of restricted stock units of 26,500, 25,000, 25,000 and 19,333 respectively. 15% were vested upon grant as a result of the completion of the sale of the Company's

Sandersville power generation facility, 45% vested upon the sale of the Company's Murray power generation facility, 20% will vest upon the sale of the Company's Hinds power generation facility, and 20% will vest upon a sale of the Company's Hot Spring power generation facility.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL YEAR 2011

<u>Named Executive Officer</u>	<u>Number of Shares Acquired on Vesting</u>	<u>Value Realized on Vesting (\$)</u>
Thomas B. White.....	6,667	73,337
	15,000	150,000
James H. Sweeney.....	3,975	27,229
	11,925	131,175
William R. Marlow.....	3,750	25,688
	11,250	123,750
Charles L. Holland.....	3,750	25,688
	11,250	123,750
W. Kevin Redmond.....	2,900	19,865
	8,700	95,700

No stock options were exercised during fiscal year 2011.

SENIOR EMPLOYEE BONUS AND RETENTION PLAN AND RESTRICTED STOCK UNIT AWARDS

The Board of Directors adopted the KGen Power Management Inc. Employee Performance Bonus and Retention Plan for Senior Employees (the "Performance Bonus and Retention Plan") to reward the Company's senior employees in connection with sales of the Company's power generation facilities and upon a "change in control" (as defined in the Performance Bonus and Retention Plan) and to help retain services of those employees through the completion of any sale of a power generation facility or any change in control and during the transition of business following a change in control. The definition of "change in control" under the Performance Bonus and Retention Plan generally includes (i) the acquisition by any individual, entity or group of beneficial ownership of 50% or more of the Company's then outstanding voting stock or of the ability to elect 50% or more of our directors, except in several instances; (ii) the consummation of a merger, consolidation or reorganization, unless, in each case, the persons who beneficially own the Company's common stock immediately before that transaction beneficially own, directly or indirectly, immediately after the transaction, at least 50% of the Company's common stock or the common stock of any other corporation or other entity resulting from or surviving the transaction (or any entity which, as the result of the transaction, owns all or substantially all of the common stock or assets of the Company) in substantially the same proportion as their respective ownership of the Company's common stock immediately before that transaction; or (iii) a complete liquidation or dissolution of the Company.

Each of the named executive officers (other than Mr. White) participates in the Performance Bonus and Retention Plan. Each participant in the Performance Bonus and Retention Plan is entitled to receive a cash bonus upon the completion of a sale of any of the Company's power generation facilities. The amount of the bonus payable to each participant in connection with a sale of a power generation facility is determined based on a target bonus amount established for the participant and the sale price for that facility. If a change in control occurs, each participant would be entitled to receive a one-time lump sum cash bonus equal to the aggregate amount of the sale bonuses such participant would have been entitled to receive had each of the facilities held by the Company at the time of the change in control been sold at facility sale prices determined based on the price per share paid to the Company's stockholders. The facility sale bonuses are generally payable to the participants in a lump sum on the third business day after the consummation of the sale, so long as the participant remains employed by the Company until that time. Accordingly, (i) in connection with completion of the sale of the Company's Sandersville power generation facility in July 2010, Messrs. Sweeney, Marlow, Holland and Redmond received sales bonuses of \$82,217, \$77,563, \$77,563 and \$59,982, respectively; and (ii) in connection with completion of the sale of the Company's Murray power generation facility in April 2011, Messrs. Sweeney, Marlow, Holland and Redmond received sales bonuses of \$216,240, \$204,000, \$204,000 and \$157,760, respectively. A portion of the bonus amounts in respect of the sale of the Company's Murray power generation facility has not yet been paid and will be paid to the executive if, when and to the extent the escrow amount is received by the Company with respect to such sale. The change in control bonus is generally payable in a lump sum on the 180th day after the consummation of the change in control, so long as the executive remains employed by the Company until that time. A participant is generally also entitled to receive these bonuses if the participant's employment is involuntarily terminated after the time a definitive facility sale or change in control agreement is entered into by the Company and the related facility sale or change in control is consummated within 36 months of the participant's termination.

On August 13, 2010, the Board of Directors awarded restricted stock units pursuant to the KGen Power Corporation 2006 Equity Incentive Plan to each of the participants in the Performance Bonus and Retention Plan, (which includes each of the named executive officers other than Mr. White). Messrs. Sweeney, Marlow, Holland and Redmond were awarded 26,500, 25,000, 25,000, and 19,333 restricted stock units, respectively. 15% of the restricted stock units awarded to each participant vested upon grant as a result of the completion of the sale of the Company's Sandersville power generation facility, 45% vested upon the sale of the Company's Murray power generation facility, 20% will vest upon the sale of the Company's Hinds power generation facility, and 20% will vest upon a sale of the Company's Hot Spring power generation facility. In addition, all unvested restricted stock units held by a participant will vest upon a change in control. Upon vesting, a participant will generally receive a number of shares equal to the number of restricted stock units then being vested as well as cash in an amount equal to the aggregate amount of all dividends paid on that number of shares since the date of grant of the restricted stock units. Upon termination of a participant's employment with the Company, all of the participants unvested restricted stock units will be forfeited, except that if the participant's employment is involuntarily terminated after the time a definitive facility sale or change in control agreement is entered into by the Company, the restricted stock units otherwise subject to vesting upon completion of that facility sale or change of control will not be forfeited by the participant upon his or her termination and will vest if the facility sale or change in control is consummated within 36 months of the participant's termination.

EMPLOYMENT AND SEVERANCE AGREEMENTS

Each named executive officer is a party to an employment agreement that generally provides for the terms of his employment with the Company and, among other things, entitles the executive officer to certain termination benefits in the event of his involuntary termination.

Under the employment agreements for the named executive officers, these severance benefits vary, depending on the circumstances of the termination (i.e. whether by reason of the executive officer's death or disability, termination by the Company without "cause" or by the executive officer for "good reason," and for some of the executives, whether such termination occurred within the period beginning six months prior to the announcement of an anticipated "change in control" and ending six months following a "change in control" (the "CIC Window Period"). The terms "cause," "good reason" and "change in control" are defined in the executive officer's employment agreement and summarized below). In the event of the executive's death or disability, only payments of amounts due to, or accrued by, the executive officer at the time of the event will be made, including generally, base salary up to the date of death or termination for disability, the amount of any awarded but unpaid bonus, unused vacation days and any deferred compensation (the "Accrued Payments"). In addition, the executive would receive all medical, dental and vision benefits maintained for such executive as of the termination date for 12 months from termination, and the immediate vesting of all unvested options (or restricted stock units in the case of Mr. White). In the event of the executive's termination by us without cause or his resignation for good reason, generally in addition to the payments and benefits described above, he would also be entitled to a cash payment equal to one times the executive's annual base salary either in a lump sum or in installments over one year. In the event that an executive officer is terminated as a result of the Company's decision not to renew the term of his employment agreement, the executive would generally receive the same benefits as upon a termination by us without cause or his resignation for good reason, except that while Mr. White would receive immediate vesting of his restricted stock units, all unvested options held by the other executives would be forfeited.

However, if any of Messrs. Sweeney, Marlow, Holland or Redmond is terminated by us without cause, or if he resigns for good reason within the CIC Window Period, severance benefits under the change in control provisions of the employment agreement are triggered, which include the following benefits:

- Accrued Payments;
- a cash payment equal to one times the executive's annual base salary either in a lump sum or in installments over one year;
- a lump sum cash payment equal to the aggregate target annual bonus for the fiscal year during which such termination of employment occurs (determined as if all applicable goals and targets had been satisfied in full), prorated to the date of such executive's termination; and
- all medical, dental and vision benefits maintained for such executive as of the termination date for 24 months from termination.

For all of the named executive officers, any outstanding stock options, restricted stock awards, phantom stock and other equity-based awards previously granted to such employee shall immediately vest upon a “change in control,” subject to the Board of Directors’ discretion to require the cancellation of such stock options in exchange for a cash payment.

The definition of “cause” generally means the executive:

- is indicted or charged with a felony or other crime involving fraud or dishonesty (if acquitted or indictment dismissed, termination would be retroactively reinstated);
- commits an act of dishonesty that causes or reasonably is expected to cause material harm to the Company or its subsidiaries;
- materially breaches his employment agreement, which breach is not cured within 30 days of notice;
- breaches any written policies or procedures of the Company or its subsidiaries, which breach causes or is expected to cause material harm to the Company or its subsidiaries; or
- engages in intentional misconduct that causes material harm to the Company or its subsidiaries.

The definition of “good reason” generally means the occurrence, without the executive’s prior written consent, of any of the following (subject to notice being given by the executive and the failure by the Company to remedy the event within 30 days):

- a material reduction in the nature or scope of the executive’s duties from those contained in his employment agreement;
- a reduction in his base salary; or
- the relocation of his primary office to a location more than sixty (60) miles away from the current Company offices.

Mr. White’s employment agreement also provides that, without the executive’s prior written consent, the following additional circumstances (subject to notice being given by the executive and the failure by the Company to remedy the event within 30 days), will qualify as “good reason”:

- a material reduction in title (except that the failure of stockholders of the Company to reelect him as director shall not constitute good reason); and
- a material reduction in benefits other than generally due to a reduction in benefits which is generally applicable to all other senior executives of the Company.

The definition of a “change in control” in employment agreements of all the named executive officers generally includes:

- the acquisition by any individual, entity or group of beneficial ownership of 50% or more of the Company’s then outstanding voting stock or of the ability to elect 50% or more of our directors, except in several instances;
- individuals who currently constitute the Board of Directors cease for any reason to constitute at least a majority of the Board of Directors, with several exceptions;
- the consummation of a merger, consolidation or reorganization, unless, in each case, the persons who beneficially own the common stock immediately before that transaction beneficially own, directly or indirectly, immediately after the transaction, at least 75% of the Company’s common stock or the common stock of any other corporation or other entity resulting from or surviving the transaction in substantially the same proportion as their respective ownership of the Company’s common stock immediately before that transaction;
- the stockholders approving a complete liquidation or dissolution of the Company; or
- a sale or other disposition of all or substantially all of the Company’s assets.

Mr. White's employment agreement provides for certain additional benefits. Mr. White was entitled to certain relocation benefits in connection with his relocation to Houston, Texas, including out-of-pocket and travel expenses for the first 30 days of his employment, rent in an amount not to exceed \$2,000 a month for a period not to exceed 9 months, and up to \$15,000 moving expenses in connection with his permanent relocation. In connection with entering into his employment agreement, the Company also granted Mr. White 20,000 restricted stock units. These restricted stock units generally vest in equal installments over three years.

While Mr. White is not a participant in the Performance Bonus and Retention Plan as described above, Mr. White is entitled to incentive bonus payments under his employment agreement as follows:

- Mr. White is entitled to receive a cash bonus upon the completion of a sale of any of the Company's power generation facilities, provided that he remains employed by the Company at that time. The amount of the bonus payable to Mr. White in connection with a sale of a power generation facility is determined based on a target bonus amount established and the sale price for that facility. Accordingly, (i) in connection with completion of the sale of the Company's Sandersville power generation facility in July 2010, Mr. White received a sales bonus of \$129,272 and (ii) in connection with completion of the sale of the Company's Murray power generation facility in April 2011, Mr. White received a sale bonus of \$340,000. A portion of the bonus amount in respect of the sale of the Company's Murray power generation facility has not yet been paid and will be paid to Mr. White if, when and to the extent the escrow amount is received by the Company with respect to such sale.
- Upon the consummation of a "sale of KGen" (as defined in his employment agreement), provided that he remains employed by the Company at that time Mr. White is entitled to receive a prorated cash bonus amount (reduced by the aggregate amount of cash bonuses previously received by Mr. White in connection with facility sales) if the proceeds received by the Company's stockholders in connection with the sale of KGen exceed a specified threshold amount and a lower cash bonus amount (reduced by the aggregate amount of cash bonuses previously received by Mr. White in connection with facility sales) if the proceeds received by the Company's stockholders in connection with the sale of KGen do not exceed the specified threshold amount.

Mr. White is generally also entitled to receive these bonuses if his employment is involuntarily terminated after, or within sixty days before, the time a definitive facility sale or definitive agreement for the sale of KGen is entered into by the Company and the related facility sale or change in control is consummated within 24 months of his termination. "Sale of KGen" is defined in the same manner as "change in control" is defined under the Performance Bonus and Retention Plan as described above.

DIRECTOR COMPENSATION

None of the current directors, with the exception of Mr. Hudson, as described below, receive compensation for their services as directors of the Company. The directors of the Company are, however, reimbursed for out-of-pocket travel expenses incurred in connection with their attendance at Board meetings and other activities on behalf of the Company. Due to his level of responsibility and time committed to Company matters, Mr. Hudson, as the Chairman of the Board, receives \$200,000 annually in director fees as compensation for his services as Chairman. In addition, on May 28, 2008, the Board granted to Mr. Hudson stock options to purchase 100,000 shares of common stock of the Company at a price of \$19.50 per share. These options vested on May 28, 2009. In connection with the Board's declaration of a cash distribution of \$5.00 per share to the Company's stockholders on or about June 24, 2011, the exercise price per share applicable to these options was adjusted downwards by \$5.00 to \$14.50 per share.

On August 13, 2010, Mr. Hudson was granted 58,334 restricted stock units. 8,750 of these restricted stock units vested upon grant as a result of the completion of the sale of the Company's Sandersville power generation facility, 26,250 vested upon the sale of the Company's Murray power generation facility, and 11,667 will vest upon the sale of each of the Hinds and Hot Spring power generation facilities. In addition, all unvested restricted stock units will vest upon a change in control. Upon vesting, Mr. Hudson will generally receive a number of shares equal to the number of restricted stock units then being vested as well as cash in an amount equal to the aggregate amount of all dividends paid on that number of shares since the date of grant of the restricted stock units. Mr. Hudson will forfeit all his unvested restricted stock units upon termination of his service as a director of the Company, except that if he is involuntarily removed from the board, or he is not renominated or reelected to the board after the time a definitive facility sale or change in control agreement is entered into by the Company, Mr. Hudson's restricted stock units otherwise subject to vesting upon completion of that facility sale or change of control will not be forfeited as a result of the termination of his service as a director and will vest if the facility sale or change in control is consummated within 36 months of the termination of his director service.

AUDIT FEES AND ALL OTHER FEES

The aggregate fees billed for professional services rendered by the Company's independent registered public accountants, Deloitte & Touche LLP, for fiscal year 2011 was \$334,500.

Audit Fees. The aggregate fees paid to Deloitte & Touche LLP for its audit of the Company's annual consolidated financial statements and internal controls over financial reporting, reviews of the quarterly consolidated financial statements included in quarterly reports, and annual reports, and consultation concerning financial accounting and reporting standards for fiscal years 2011 and 2010 was \$334,500 and \$322,833, respectively.

Tax Fees. The aggregate fees related to professional services rendered by Ernst & Young LLP for tax compliance fiscal years 2011 and 2010 was \$279,100 and \$169,697, respectively.

All Other Fees. No fees were billed by Deloitte & Touche LLP during fiscal year 2011 other than fees for professional services reported above as audit fees. No fees were billed by Ernst & Young LLP, during fiscal years 2011 and 2010, in each case, other than fees for professional services reported above as tax fees.

FORWARD LOOKING STATEMENTS

This Proxy Statement contains certain forward-looking statements, made pursuant to applicable securities laws, which involve risks and uncertainties as detailed from time to time in KGen's disclosure documents, including its Annual Report.

These statements are based on certain assumptions made by KGen based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including, but not limited to, the Company's non-investment grade credit rating; the timing and extent of changes in commodity prices, particularly natural gas; the liquidity and competitiveness of wholesale markets for electricity; economic slowdowns and cooler-than-expected weather during our peak operating months that can adversely affect consumption of electricity by businesses and consumers; uncertainties that actual costs may be higher than estimated; uncertainties that actual sources may be lower and actual uses may be higher than estimated; refusal by or inability of our current or potential counterparties or vendors to enter into transactions with us or fulfill their obligations to us; effectiveness of our risk management policies and procedures; our ability to obtain credit or capital in desired amounts and/or on favorable terms; our ability to operate our power plants efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flow from our asset based businesses; the Company's exploration of value-enhancing alternatives; present and possible future claims, litigation and enforcement actions; effects of the application of regulations, including changes in regulations or the interpretation thereof; disruptions in the transmission and distribution of power; availability of fuel and fuel transportation; and catastrophic events such as fires, hurricanes, explosions, floods, lightning strikes, terrorist attacks or other similar occurrences to our facilities or to facilities upon which we depend. Although KGen believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur. For such statements, KGen claims the protection of applicable laws. Forward-looking statements represent the judgment of KGen's management as of the date of this proxy statement and KGen disclaims any intent and does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required under applicable law.

OTHER STOCKHOLDER MATTERS

The Board of Directors knows of no other matters to be submitted at the Annual Meeting. If, however, any other business should properly come before the Annual Meeting, the persons named in the accompanying proxy will vote proxies as in their discretion they may deem appropriate, unless they are directed by proxy to do otherwise.


Secretary

November 17, 2011

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