K Gen Power

December 14, 2016

To the Holders of Beneficial Interests in KGen Power Liquidating Trust,

Attached please find the Trust's audited financial statements for the nine-months ended September 30, 2016.

The attached financial statements reflect the total of our final expenses we incurred to complete the liquidation of the Trust's assets. This will be the final communication of financial statements to the unitholders.

The final escrow amount of $22.2 million was released to us at the end of May of 2016 in accordance with the terms of the transaction agreements previously entered into by KGen Power Corporation ("KGen"), predecessor of the Trust. As such, the Trust made its final distribution of $26.2 million to the holders of the Trust's beneficial interests in July 2016.

As part of the process of dissolving KGen, all of KGen's cash and other assets, including the rights to the funds escrowed under its transaction agreements, were transferred to the Trust on June 30, 2014. Stockholders of KGen received one unit of beneficial interests in the Trust, which is generally not transferable, for each share of KGen that they owned.

The Trust has contracted with Tom White and Kevin Redmond to resolve any post wind issue that may arise and to assist in the final preparation of the audit and tax return. If you have any questions about the foregoing or the attached financial statements you may contact Thomas White at twhite@kgenpower.com..

The Trustees of KGen Power Liquidating Trust
Daniel T. Hudson
Thomas B. White
W. Kevin Redmond

KGEN POWER LIQUIDATING TRUST

Audited Financial Statements

For

The Nine-Months Ended September 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Unitholders of
KGen Power Liquidating Trust
Houston, Texas

We have audited the accompanying financial statements of KGen Power Liquidating Trust (the "Trust"), which comprise the statement of net assets and changes in net assets as of September 30, 2016 (liquidation basis).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets and changes in net assets of KGen Power Liquidating Trust as of September 30, 2016 (liquidation basis), in accordance with accounting principles generally accepted in the United States of America applied on the basis described in Note 1 to the financial statements.

Emphasis of Matter Regarding Liquidation Basis of Accounting

As discussed in Note 1 to the financial statements, the Trust's financial statements are prepared using the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

Deloitte + Touche LLP

December 14, 2016

KGen Power Liquidating Trust

Statements of Net Assets and Changes in Net Assets for the Nine-Months Ended September 30, 2016 (Liquidation Basis)

(in thousands)

		September 30, 2016
Assets		
Cash	$	525
Total Assets	$	525
Liabilities		
Reserves for estimated costs during liquidation	$	525
Total Liabilities	$	525
Net Assets in Liquidation	$	-
Net Assets, beginning of period	$	25,393
Capital Distributions	$	(26,200)
Adjustments to liquidation basis	$	807
Net Assets, end of period	$	-

The accompanying notes are an integral part of these financial statements.

KGen Power Liquidating Trust

Notes to Audited Financial Statements

1. Nature of Business and Significant Accounting Policies

Background—KGen Power Liquidating Trust (the "Trust") was formed on May 21, 2014 for the sole purpose of winding down the business of its predecessor entity, KGen Power Corporation (the "Corporation"). The final dissolution of the Corporation became effective as of the close of business on June 30, 2014, the "Dissolution Date". The Corporation transferred cash and other remaining assets of the Corporation, including the Corporation's right to receive cash released from escrow under the Corporation's transaction agreements to the Trust for the benefit of the Corporation's stockholders of record as of the close of business on the Dissolution Date. In addition, the Trust assumed, and became responsible for, all of the Corporation's unsatisfied liabilities and obligations, including any future or contingent liabilities of the Corporation. The Corporation's stockholders of record as of the close of business on the Dissolution Date received one unit of beneficial interests in the Trust for each share of common stock of the Corporation that they owned.

The beneficial interests in the Trust are generally not transferable by the holders thereof. All cash transferred by the Corporation to the Trust and the net proceeds to the Trust of funds released from escrow after the Dissolution Date (and the proceeds received by the Trust from the disposition of any non-cash assets it receives) have been distributed by the Trust to the holders of beneficial interests in the Trust, subject to the final commitments of the Trust. The Trust will not make any additional distributions to the beneficial interest holders.

The Trust's activities were limited to collecting and realizing the value of its remaining assets; making tax and regulatory filings; providing financial reports to the beneficial interest holders; winding down the Trust's remaining activities and making the final liquidating distribution to the beneficial interest holders.

The Trust's assets consist of cash related to the Corporation's previous asset sales. The Trust believes that its current cash position will be sufficient to meet its remaining obligations.

Liquidation Basis of Accounting—The Trust's financial statements are prepared using the liquidation basis of accounting. This basis of accounting is considered appropriate when, among other things, liquidation of an entity is probable and the net realizable values of assets are reasonably determinable. Under this basis of accounting, assets are valued at their net realizable values and liabilities are stated at their estimated settlement amounts.

Use of Estimates—The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates could differ from actual results.

KGen Power Liquidating Trust

Notes to Audited Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

Accrued Cost of Liquidation—The Trust was required to make significant estimates and exercise judgment in determining accrued liquidation costs. The Trust reviewed all expected expenses and contractual commitments such as consulting fees and related expenses, lease termination costs, professional fees, and other outside services to determine the estimated costs to be incurred during the liquidation period. As of September 30, 2016, the Trust has satisfied all expenses and contractual commitments with the exception of two ongoing commitments. The Trust contracted with two Trustees through January 1, 2021 to provide assistance in resolving any post wind down issues. Additionally, under the terms of the environmental runoff insurance policy, the Trust is required to maintain a minimum cash balance which could be used to meet the deductible should a claim arise. The accrued costs incurred in liquidation and payments since January 1, 2016 are as follows (in thousands of dollars):

Accrued Liquidation Costs	Balance January 1, 2016	Adjustment to Reserves	Payments from Reserves	Balance at September 30, 2016
Management Costs	1,325	-	(825)	500
Insurance	235	(98)	(112)	25
Technical Consulting	100	(100)	-	-
Professional Services	141	-	(141)	-
Operations	400	(400)	-	-
Other	242	(209)	(33)	-
Total	2,443	(807)	(1,111)	525

2. Commitments and Contingencies

Litigation—The Trust may be a party to various legal and regulatory actions arising in the wind down of its business. Matters that are probable of unfavorable outcome to the Trust and which can be reasonably estimated are accrued. As of September 30, 2016, no such matters existed.

3. Income Taxes

KGen Power Liquidating Trust, a liquidating trust as described in Treasury Regulation 301.7701-4(d), is treated as a grantor trust for federal income tax purposes. A grantor trusts' income and deductions are reported to each grantor and reflected on such grantor's income tax return. A grantor trust does not pay federal income tax.

4. Liquidating Distributions

The Trust has made its final liquidating distribution of $26,199,956 in July 2016. The Trust will not make any additional distributions to the beneficial interest holders.

5. Related Parties

The Trust has contracted with certain Trustees to provided management services amounting to $825,000 in 2016 and has extended those contracts through January 1, 2021 for $500, 000.

6. Subsequent Events

Subsequent events were analyzed and considered through December 14, 2016, the date this report was available for issuance.