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Contact: Jane Rubinstein  
Rubenstein Associates, Inc.  
212.843.8287 direct / 516.993.0708 cell  
jrubinstein@rubenstein.com

Anton Nicholas / Josh Hochberg  
Sloane & Company  
212-446-1892  
jhochberg@sloanepr.com

## ASTORIA GENERATING AND EBG HOLDINGS ANNOUNCE MERGER TO CREATE STRATEGICALLY-POSITIONED COMPETITIVE GENERATION COMPANY IN NORTHEAST U.S. POWER MARKETS

New York, NY February 28, 2007 Astoria Generating Company Holdings, LLC ("Astoria Generating") and EBG Holdings LLC ("EBG Holdings") today announced they have entered into a definitive merger agreement, under which the companies will be combined in a transaction valued in excess of \$5 billion.

The strategic combination creates a leader in power generation serving the constrained energy markets in the New York and Boston metropolitan areas as well as a platform with sufficient size and scale to take advantage of potential growth opportunities.

The combined company, which will be named US Power Generating Company ("US Power Generating"), will own and operate eight power generation facilities with a total capacity of over 5,000 Megawatts (MW). US Power Generating subsidiaries will continue to sell their energy and capacity into the NYISO and ISO-New England deregulated markets. The combined company will represent generation sufficient to serve approximately 20% of the overall load in New York City as well as approximately 50% of the overall load in the Boston metropolitan area. The Company, which will be headquartered in New York City, would have had pro-forma combined revenues of approximately \$1.5 billion for 2006.

The Astoria Generating executive team will form the management team of US Power Generating. Current Astoria Generating CEO Jacob J. Worenklein will assume the role of Chairman and CEO of the new company. US Power Generating's Board will consist of nine directors, five to be appointed by members of Astoria Generating and four to be appointed by members of EBG Holdings.

"The strategic combination creates a leader in power generation in key geographic markets, with a sound operating structure for continued growth," said Worenklein. "Joined together as US Power Generating, the New York and Boston companies will create synergies that will further diversify revenue streams, reduce costs and hedge risks associated with the respective markets in which we operate as we continue to enhance the Company's overall asset performance."

"This merger is a logical step in our efforts to provide investors in EBG with attractive investment returns, consistent with those that they have earned since K Road Power invested in EBG and took over management of EBG's subsidiaries in October 2005," said William Kriegel, Chairman and CEO of EBG Holdings and K Road Power. "US Power Generating will be uniquely positioned to compete effectively in two of the largest energy markets in the country by leveraging the scale of the newly formed organization, the highly experienced Astoria management team, and the proven and consistent operational record of both companies. We believe the result will be more stable cash flow and future earnings growth at an accelerated rate, better positioning the Company to achieve the scale necessary to better access the capital markets."

Upon closing of the transaction, current members of EBG Holdings and Astoria Generating will collectively hold shares representing 54% and 46% of the equity of US Power Generating, respectively.

The merger has been unanimously approved by each company's board of directors, has been approved by Astoria Generating's members, including Madison Dearborn Partners, LLC, which owns a majority interest in Astoria Generating, and is subject to approval by the members of EBG Holdings and regulatory agencies and the satisfaction of other customary closing conditions.

Regulatory approval for and closing of the transaction is expected in mid-2007. Until that time, the companies will continue to operate independently.

Credit Suisse Securities acted as financial advisors and Kirkland & Ellis LLP acted as legal advisors to Astoria Generating in connection with the transaction. Lehman Brothers acted as financial advisors and Debevoise & Plimpton LLP acted as legal advisors to EBG Holdings.

#### ABOUT ASTORIA GENERATING

Astoria Generating is comprised of three operating electric power generation facilities: the Astoria Generating Station, the Gowanus Gas Turbine Facility ("Gowanus") and the Narrows Gas Turbine Facility ("Narrows"). All the facilities are located in New York City (Zone J). The Astoria portfolio has an aggregate summer net capacity rating of 2,098 MW and winter net capacity rating of 2,364 MW.

New York-based Astoria Generating Company L.P. was acquired from Reliant Energy in February, 2006 by equity investors and a management team led by Jacob Worenklein, the CEO. The major equity investors in Astoria are affiliates of Madison Dearborn Partners LLC and the family of Ray L. Hunt of Dallas, Texas, which controls Hunt Oil Company. More information regarding USPG can be found at [www.uspowergen.com](http://www.uspowergen.com).

#### ABOUT EBG HOLDINGS

EBG Holdings, through its direct and indirect wholly owned subsidiaries Boston Generating LLC,

Mystic I, LLC, Mystic Development, LLC, and Fore River Development, LLC, owns approximately 3,000 MW of generation and includes approximately 2,400 MW of newly-built gas-fired combined cycle facilities owned by Mystic Development (1,600 MW) and Fore River Development (800 MW). All of Boston Generating's facilities are located in and around the Boston metropolitan area. The facilities sell all of their energy, capacity and ancillary services into the markets administered by ISO New England, Inc.

#### ABOUT K ROAD POWER

K Road Power, based in New York City, was formed by William Kriegel and other former executives of Sithe Energies, Inc. to invest in and manage independent electric generating facilities. Since October 2005, K Road, through various affiliates, has been both one of the largest unitholders of EBG Holdings as well as the Asset Manager for EBG's operating subsidiaries.

#### ABOUT MADISON DEARBORN PARTNERS, LLC

Madison Dearborn Partners, based in Chicago, is one of the most experienced and successful private equity investment firms in the United States. MDP has more than \$14 billion of equity capital under management and makes new investments through its most recent fund, Madison Dearborn Capital Partners V, a \$6.5 billion investment fund raised in 2006. MDP focuses on management buyout transactions and other private equity investments in the power and energy industry and across a broad spectrum of other industries, including basic industries, communications, consumer, financial services, and health care. For more information, please visit the MDP website at [www.mdcp.com](http://www.mdcp.com).

Astoria Generating and EBG Holdings are privately-held companies and, following the merger, US Power Generating will be a privately-held company. This press release does not constitute an offer of any securities for sale. Securities of Astoria Generating, EBG Holdings and US Power Generating have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning the contemplated transaction and strategic plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the companies expect, believe or anticipate will or may occur in the future are forward-looking statements. This includes completion of the proposed transaction, realization of expected synergies from the transaction, future commodity prices, future financial performance, and other matters.

These statements are based on certain assumptions made by the companies based on their experience and perception of historical trends, current conditions, expected future developments and other factors they believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the companies. These risks include, but are not limited to, market conditions, economic conditions, environmental risks and regulatory changes. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.