

News For Immediate Release

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Panda Energy Inc.

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Panda Energy to Build 1,000 MW Power Plant in Temple, Texas

Clean natural gas-fueled facility will add needed capacity for Texas

DALLAS — December 4, 2007 — Panda Energy Inc. today announced that it intends to build, own and operate a 1,000-megawatt combined-cycle power plant in an industrial-zoned area of the city of Temple, Texas. The highly efficient natural gas-fueled generating station will utilize the latest in proven technology and will be able to supply the power needs of approximately 750,000 homes in the Central and North Texas regions.

The Panda Temple generating station will be one of the cleanest power plants in the nation. Air emissions at the facility will be controlled to among the very lowest of any power plant in Texas, a state which possesses some of the country's most stringent air quality standards. The facility will also maximize the use of reclaimed water to conserve the state's fresh water resources.

The facility has been strategically sited along the Texas half of the I-35 corridor, one of the ten most concentrated, and rapidly growing, population centers in the United States. Approximately 45 percent of Texas' 21 million citizens live within 50 miles of I-35.

“This plant will help meet the future energy needs of our growing state, strengthen the economy of Central Texas and produce clean, low-priced electric power,” said Robert Carter, chairman and chief executive officer of Panda Energy. “With little or no power plant construction occurring during the past five years, the overbuild seen in the aftermath of the Enron debacle is working itself out. State and local officials are being far sighted in working now to enhance the

future reliability of the region's power supply. We look forward to working with them in bringing this project through to completion."

Temple Mayor Bill Jones said Panda representatives have been actively engaged with community leaders since the beginning of the site selection process. "They have shown that they will be a good corporate citizen of our community for years to come."

"This power plant will provide the electricity we need to locate future industries and jobs in Temple," added Lee Peterson, president of the Temple Economic Development Corporation. "Equally important, it will enhance the area's economy in the near term as well. It will enlarge payrolls, expand the tax base and drive revenues for contractors, suppliers, engineering firms, hotels, restaurants, retailers and a host of other businesses."

At peak construction, an estimated 400-500 personnel will be employed to construct the Temple power plant. During operations, the generating station will create an estimated 25 skilled jobs and 45 support jobs. According to an economic impact analysis conducted by Impact Data Source of Austin, Texas, the construction and ongoing operation of the plant is expected to infuse more than \$505,000,000 into the area's economy over the next 10 years.

The Temple Generating Station will be located on a 250-acre site at the South Temple Industrial Park. Construction will take approximately 24 months and is dependent upon financing, regulatory approvals and other conditions. Panda has submitted its request for an air permit with the Texas Commission on Environmental Quality.

About Panda Energy Inc.

Panda Energy Inc., founded in 1982, has developed, financed, constructed and operated large-scale energy facilities both domestically and internationally. The company built the two largest gas-fired, combined-cycle independent electric generation facilities in the United States totaling 4,400 megawatts of generating capacity. Altogether, the company has raised over \$5.9 billion to develop and build more than 9,000 megawatts of generating capacity.

In 2004, the company brought its development expertise to the biofuels industry originating several large-scale ethanol projects. Newsweek Magazine subsequently recognized Panda, in

2005, as one of the ten most eco-friendly energy companies in America for developing the Hereford, Texas ethanol facility — the largest biomass-fueled ethanol refinery in the United States with one of the lowest carbon footprints of any similar-sized facility in the nation. In 2006, Panda Energy founded and transferred responsibility for its ethanol projects to Panda Ethanol, later establishing the company as a separate public entity.

Panda Energy is continually exploring investment opportunities in both conventional and renewable energy. The company has a significant pipeline of projects currently under development.

Additional information on Panda Energy and Panda Ethanol can be found at www.pandaenergy.com and www.pandaethanol.com.

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