

News For Immediate Release

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Panda Energy International Inc.

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Panda Energy Receives Air Permit for Temple, Texas Power Plant

Clean natural gas-fueled facility will infuse \$505,000,000 into area's economy

DALLAS — October 14, 2008 — Panda Energy International Inc. today announced that the Texas Commission on Environmental Quality has granted the air permit for the company's planned 1,000-megawatt combined-cycle power plant in Temple, Texas. The highly efficient generating station will be fueled with natural gas from the Texas Barnett Shale and will be able to supply the power needs of approximately 750,000 homes in the Central and North Texas regions.

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 35 direct jobs to run the facility and 45 indirect jobs to support it. 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 approval of the air permit is a major step toward construction of this project," said Todd Carter, president of Panda Energy International. "Thanks to continued strong support from local and state officials, we continue to move forward. We're excited about the potential the Temple project has to both strengthen the local economy and to support the region's future growth for decades to come.

“This project, as well as Panda Energy’s other announced projects, also represent opportunities for more than just the local community,” added Carter. “In a time where the capital markets have been crippled by financially engineered investment vehicles, there is a growing understanding of the need to invest in hard assets such as the Temple project. The nation doesn’t need more financial engineering, but it does need more environmentally-friendly power plants to avert the looming power crisis.”

The Panda Temple generating station will be one of the cleanest power plants in the nation. Nitrogen oxide (NOx) emissions at the facility will be controlled to 2.0 parts-per-million — among the very lowest of any power plant in Texas. By comparison, the majority of the state’s existing and recently constructed natural gas-fueled generating facilities have been permitted from nearly two to four and a half times the emissions levels as the Panda Temple project. Natural gas-fueled power plants are also much cleaner than coal-fired plants which emit far higher amounts of carbon monoxide, particulate matter and sulfur dioxide. The Panda project is one of the state’s first to be permitted at the more stringent 2.0 air quality standard.

The Temple Generating Station will be located on a 250-acre site at the South Temple Industrial Park. Construction should take approximately 24 months and is dependent upon financing, regulatory approvals and other conditions.

Panda Energy previously announced that it plans to build, own and operate a 500-megawatt natural gas-fueled, combined-cycle power plant in Sherman, Texas. The plant is expected to supply the power needs of approximately 400,000 homes in North Texas and should bring more than \$248,000,000 to the area’s economy in its first 10 years of operation.

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-fueled, 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 can be found at www.pandaenergy.com.

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