# CALPINE CORPORATION

**Third Quarter 2008**
**Earnings Results**

**November 7, 2008**

CPN LISTED NYSE

# Safe Harbor Statement

**Forward-Looking Statements**

*The information contained in this presentation includes certain estimates, projections and other forward-looking information that reflect Calpine's current views with respect to future events and financial performance. These estimates, projections and other forward-looking information are based on assumptions that Calpine believes, as of the date hereof, are reasonable. Inevitably, there will be differences between such estimates and actual results, and those differences may be material.*

*There can be no assurance that any estimates, projections or forward-looking information will be realized.*

*All such estimates, projections and forward-looking information speak only as of the date hereof. Calpine undertakes no duty to update or revise the information contained herein.*

*You are cautioned not to place undue reliance on the estimates, projections and other forward-looking information in this presentation as they are based on current expectations and general assumptions and are subject to various risks, uncertainties and other factors, including those set forth in Calpine's Form 10-K for the fiscal year ended December 31, 2007, Calpine's Quarterly Reports filed on Form 10-Q for the periods ended March 31, 2008, June 30, 2008, and September 30, 2008, and in other documents that Calpine files with the SEC. Many of these risks, uncertainties and other factors are beyond Calpine's control and may cause actual results to differ materially from the views, beliefs and estimates expressed herein. Calpine's reports and other information filed with the SEC, including the risk factors identified in its Annual Report on Form 10-K for the year ended December 31, 2007, and in its Quarterly Reports on Form 10-Q for the periods ended March 31, 2008, June 30, 2008, and September 30, 3008, can be found on the SEC's website at www.sec.gov and on Calpine's website at www.calpine.com.*

**Reconciliation to GAAP Financial Information**

*The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934. A schedule is attached hereto that reconciles the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles.*

# Executive Team & Agenda

## *Calpine Executive Team*

**Jack Fusco**
*President & CEO*

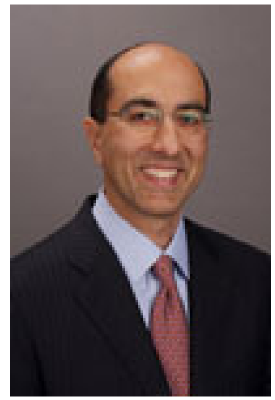
*25-yr career in Power Industry*

- Core Initiatives
- 3rd Quarter Highlights
- Expected Results

**Thad Hill**
*EVP & CCO*

*11-yr career in Power Industry*

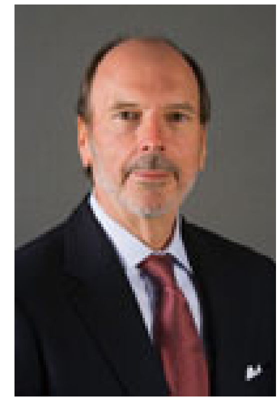
- Hedging Strategy
- Operations Overview
- Calpine Market Views



**Zamir Rauf**
*Interim EVP & CFO*

*17-yr financial career, including 12 years in Power Industry*

- Financial Results
- Liquidity & Debt
- Guidance



**Thad Miller**
*EVP, CLO & Secretary*

*30-yr legal career, including 20 years in Power Industry*

- Available for Q&A

# Current Announcements

CALPINE®

*Proud to be a Calpine Employee*

**Excellent performance following Hurricane Ike**

- ERCOT recognizes Calpine's Texas fleet for outstanding plant availability of 97%
- Commercial operations performance was exceptional
- Business continuity was seamless

**Excellent performance during financial crisis**

- Effectively managed commodity price risk & volatility
- Continuous analysis of counterparty credit risk & proactive management of financial exposures
- Conservative balance sheet management to help navigate through uncharted waters

*Expect continued conservative approach on how we manage the operational and financial aspects of our business*



# Near-Term Strategy

## Be the Premier Independent Power Provider

### Run the Business

- First-tier Operational Results
- Consistent Financial Results
- Proactive Risk Management

### Core Near-Term Initiatives

- Retain And Attract Skilled Employees
- Excellence In Operations
- Optimize Existing Assets
- Expand Our Portfolio Of Power Generation Facilities
- Leverage Our Expertise In Geothermal Operations

### Expected Results

- Business Transparency
- Annual Financial Guidance
- Improved Investment Decisions
- Stronger Balance Sheet
- Improving Return On Capital

# Core Near-Term Initiatives

1. **Retain and Attract Skilled Employees**
   - Hired Thad Miller, Thad Hill, as well as, key positions throughout all levels of the Company
   - Reduced reliance on 3rd parties
   - Developing commercial analytics organization to create Calpine "view"

2. **Excellence in Operations**
   - "100-Day Plan" in place to address critical items
   - Improved safety and reliability statistics for the quarter but need to maintain progress throughout the year
   - Began streamlining processes and procedures to increase organizational effectiveness
     - Achieving Calpine Excellence ACE

3. **Optimize Existing Assets**
   - Funding aggressive major maintenance initiatives
   - Investing in upgrades that add capacity to our existing facilities
   - Implementing new approach to hedging to increase levels out 2-3 years

4. **Expand our Portfolio of Power Generation Facilities**
   - Completed Greenfield Energy Centre
   - Otay Mesa on schedule for COD in 3rd Quarter 2009
   - Shortlisted on request for proposals for 650 MW to 1200 MW of capacity and energy

5. **Leverage our Expertise in Geothermal Operations**
   - Continuing five-year investment program to maintain capacity at The Geysers

# Third Quarter 2008 Operations Results

**Safe**

- Top quartile safety performance achieved
  - Lost-time incident rate of 0.17[1]

**Scale**

- Significant power produced with over 25.9 million MWh[2]
- Significant steam produced 12.7 billion lbs

**Reliable**

- Best-in-class performance with 61 natural gas plants, out of 78, that had a >95% Availability Factor
- The Geysers Forced Outage Factor Rate 0.01% and corresponding capacity factor of 93.9%
- Gas plant Forced Outage Factor of 2.8%
  - Forced Outage Factor <2% without Hurricanes Ike & Gustav
- Peaking units had a 98% Starting Reliability

**Efficient**

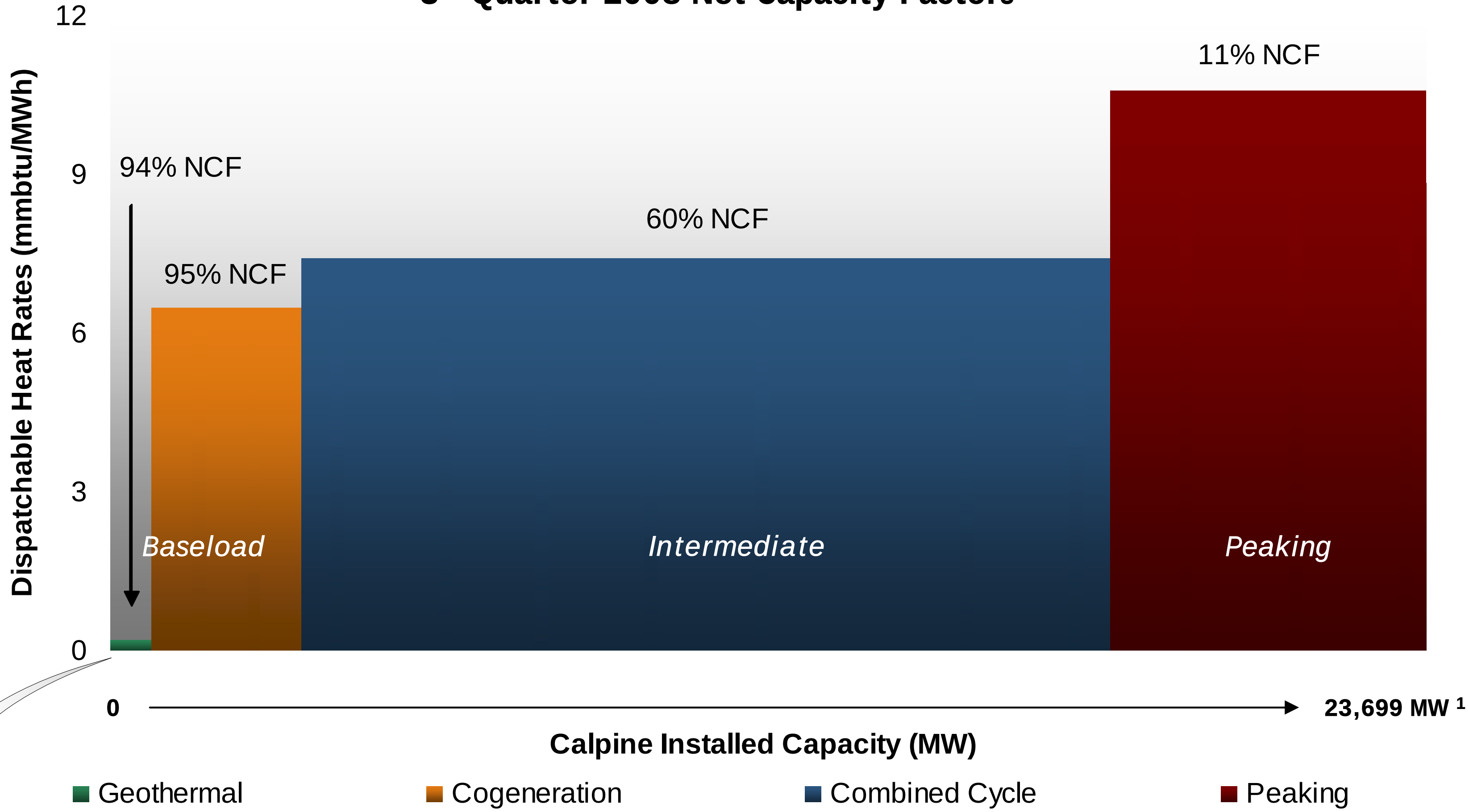
- Operating Heat Rate of 7,274 Btu/KWh

[1] based on 2006 NAICS 221112 – Fossil Fuel Electric Power Generation 1,000+ Employees
[2] Not Adjusted for Unconsolidated Investments



# Balanced Dispatch Characteristics

**3rd Quarter 2008 Net Capacity Factors**

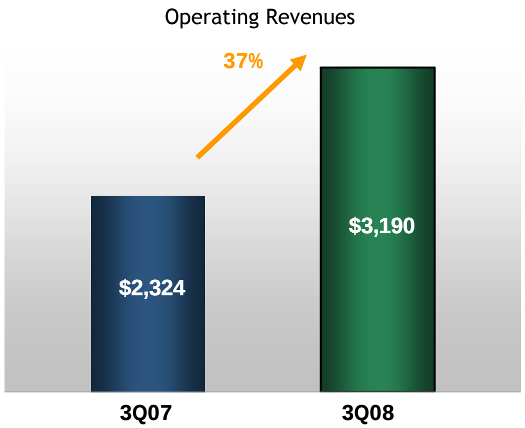


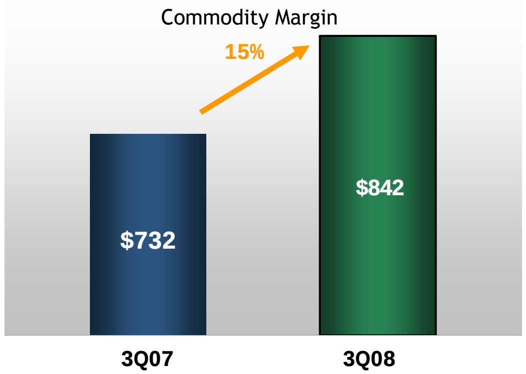

**Geothermal units have essentially no fuel input; therefore heat rate values for Geothermal are for comparative purposes only.**

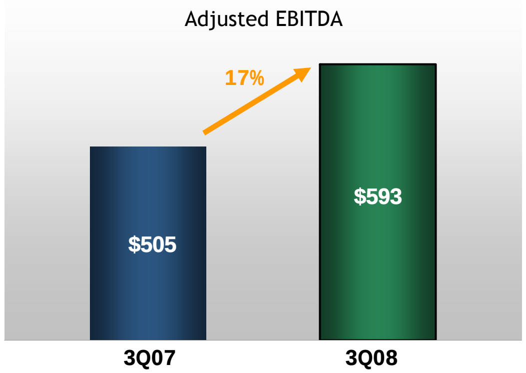
[1] Installed Capacity as of 9/30/2008
Note: NCF= Net Capacity Factor



# Third Quarter 2008 Financial Results




- Operating Revenues of $3.2 billion
  - Record *37% increase over 3Q07*
- Record Commodity Margin of $842 million
  - *15% increase over 3Q07*
- Record Adjusted EBITDA of $593 million
  - *17% increase over 3Q07*
- Record Cash Flow from Operations of $941 million
- Corporate liquidity Of $1.6 billion and growing



# What Can Investors Expect From Calpine?

CALPINE

*Full-Year 2008 Adjusted EBITDA guidance*

$1,650 - 1,675 million

**Expected Results**

- Better understanding of our business and increased transparency
- Clear capital allocation program
- Outline of growth opportunities
- Increased regulatory focus

| | *When* |
|---|---|
| **2009 Guidance** | No later than 2008 Q4 Earnings Call |
| **Other** | Spring 2009 Analyst Day March 31, 2009 |

# OPERATIONS UPDATE



# Third Quarter Operation’s Highlights

**Plant Operations’ Achievements**

- Excellence in safety: Far exceeding top-quartile safety performance
  - ⇨ Lost-time incident rate of 0.17
- Excellence in Geothermal: The Geysers with only a 0.01% Forced Outage Factor
- Excellence in Fossil Generation: Forced Outage Factor of less than 2% after storm adjustments
  - ⇨ 2.8% before adjustments for storms

**Commercial Operations’ Achievements**

- Substantially increased hedges in difficult commercial environment for 2009 at targeted prices
  - ⇨ Strong position to weather current economic slowdown
  - ⇨ Well positioned for economic recovery
- Focus on collateral efficiency: Increased usage of first lien program
  - ⇨ Accounts for 15% of our portfolio hedges outstanding vs. 9% last quarter
  - ⇨ Increased usage by almost 140% in the last 60 Days
- Excellence in Commercial Management: Texas team delivered strong September results despite Hurricane Ike

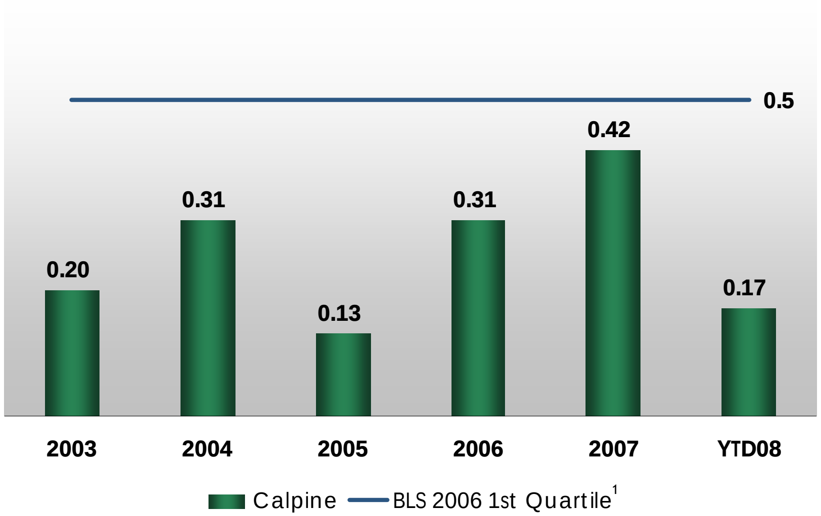
**Growth Achievements**

- Greenfield Energy Centre achieved COD on October 17, 2008

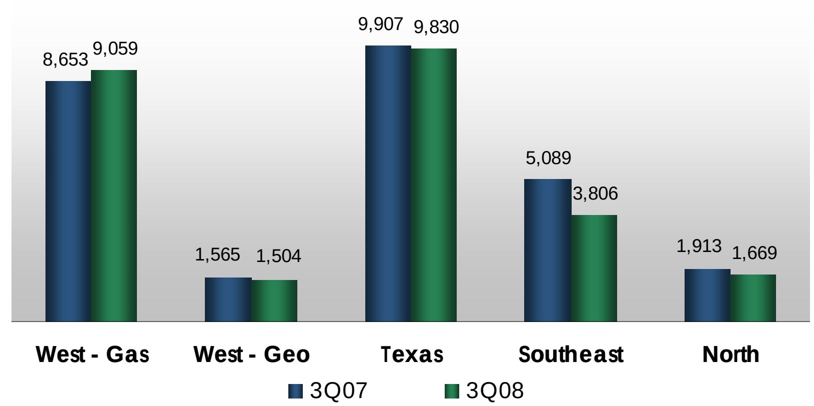


# Operations Overview

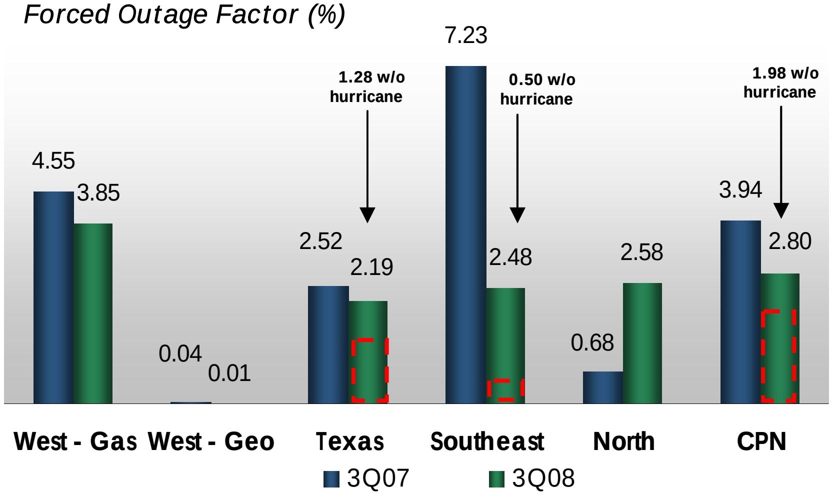
*Employee Lost-Time Incident Rate*




*Generation in Key Markets (000 MWh)* [2]




*Forced Outage Factor (%)*




*Plants with no recordable injuries* **and** *<0.5% Forced Outage Factor*

- ✓ Auburndale
- ✓ Agnews
- ✓ Blue Spruce
- ✓ Channel
- ✓ Clear Lake
- ✓ Creed Peaker
- ✓ Decatur
- ✓ Feather River Peaker
- ✓ Gilroy Peakers
- ✓ Goose Haven Peaker
- ✓ Greenleaf Cogen
- ✓ Hermiston
- ✓ Hog Bayou
- ✓ Los Medanos
- ✓ Mankato
- ✓ Metcalf
- ✓ Morgan
- ✓ Oneta
- ✓ Pine Bluff
- ✓ Riverside
- ✓ Riverview Peaker
- ✓ Rocky Mountain
- ✓ Watsonville
- ✓ Yuba City Peaker
- ✓ Zion

[1] NAICS 221112 – Fossil Fuel Electric Power Generation 1,000+ Employees
[2] Excludes plants sold or mothballed since 3Q07 (Adjusted for sale of Acadia and mothball of Pryor). Not adjusted for deconsolidation of Auburndale and RockGen



# Near-Term Hedging Approach

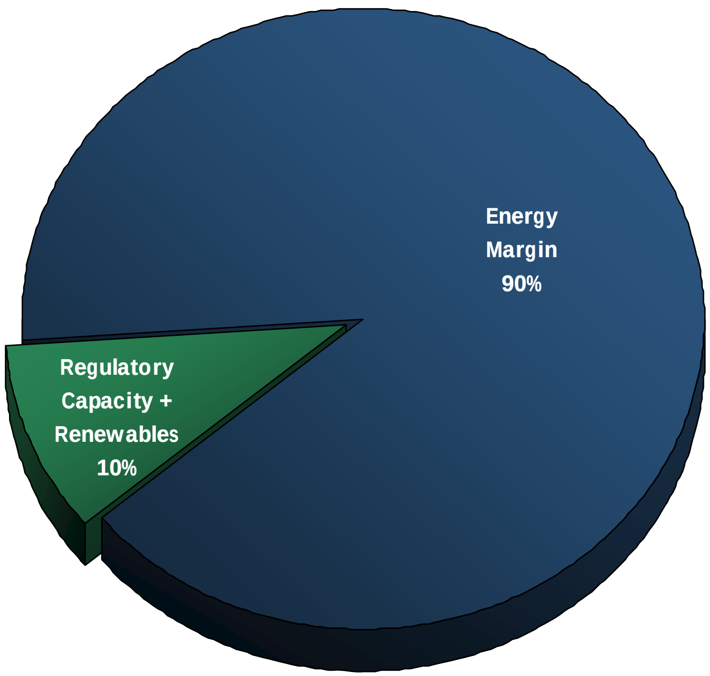
| | |
|---|---|
| **Focus** | Asset optimization, not trading |
| **Current Year** | "Close-out" 2008 positions |
| **Future Years** | Recognizing difficult market and uncertain outlook……<br>Reduce exposure for 2009 at attractive, relative pricing<br>Partially hedged for 2010 to protect against severe downside<br>Leave room for acceleration out of recession<br>Look longer-term to take opportunistic advantage of market volatility |
| **Investors** | Increased transparency without harming commercial prospects |
| **Collateral** | Increase usage of Calpine First-Lien to support hedging and conserve cash collateral |

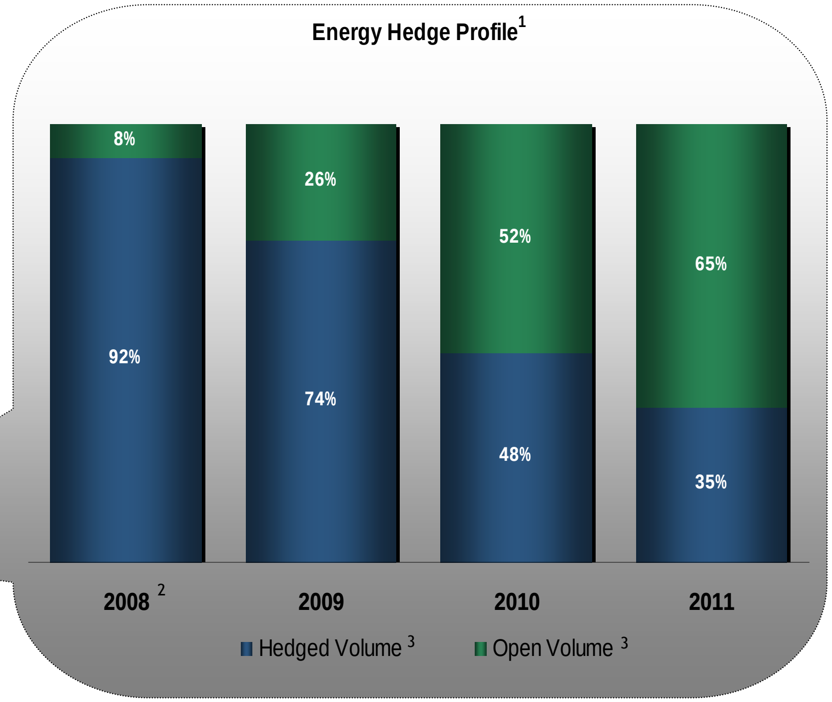


# Energy Margin Hedge Profile

**Energy Margin Includes:**

- Electricity Sales
- Steam Margin
- Ancillary Services

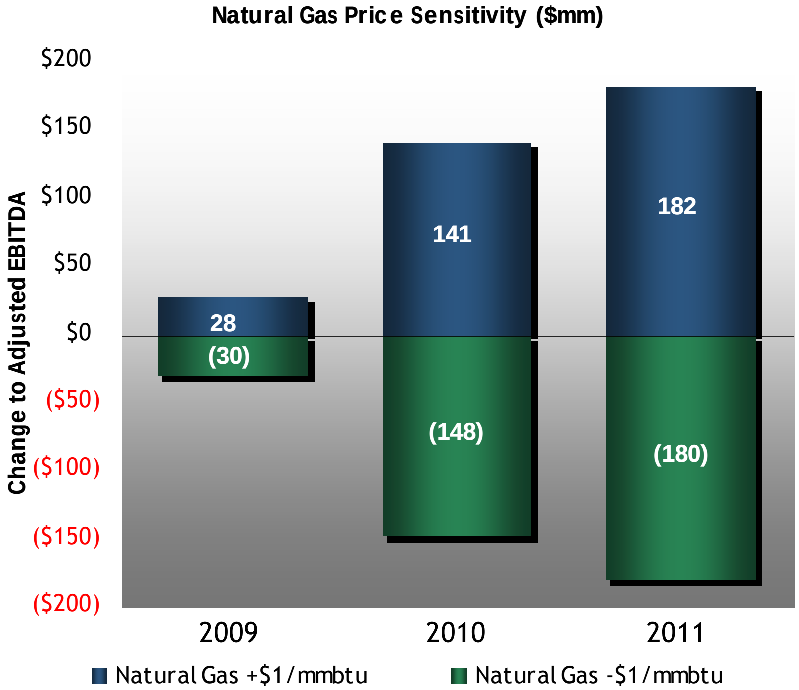


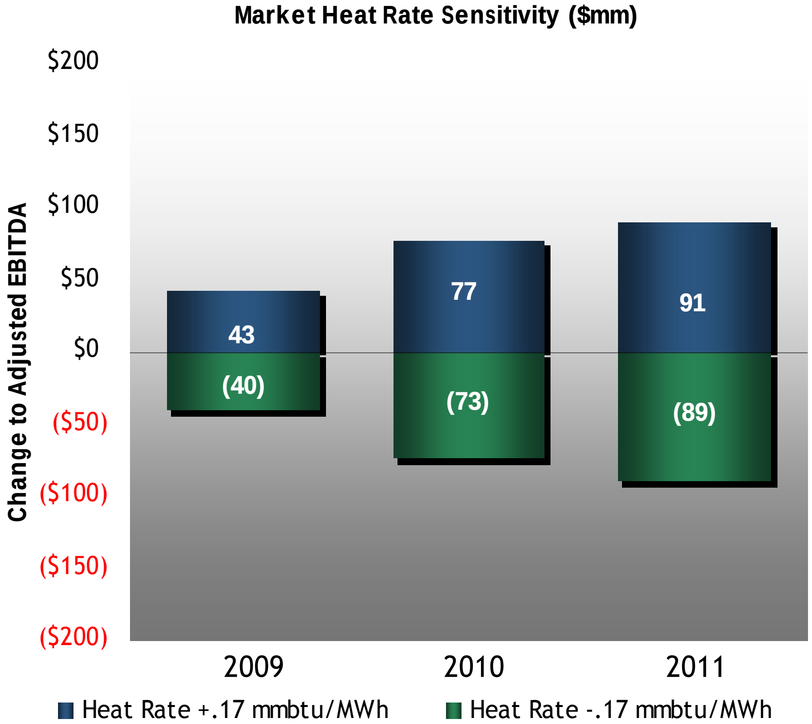




| Hedged Spark Spread Price | 2008[4] | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| ($/MWh) | $26 | $27 | $28 | $35 |
| Forecast (MW)[5] | 23,699 | 24,202 | 24,798 | 24,798 |

[1] As of portfolio valuation on 10/31/08.
[2] 2008 values are for balance of year.
[3] Volumes are on a delta hedge basis. Delta volumes are the expected volume based on the probability of economic dispatch at a future date based on current market prices for that future date. This is typically lower than the notional volume, which is plant capacity, less known performance and operating constraints.
[4] Prices are for the entire calendar year in 2008. Actuals through quarter ending 9/30/08 and hedged through 12/31/08
[5] Represents Calpine's forecasted net ownership interest with peaking capacity

# Adjusted EBITDA Sensitivities

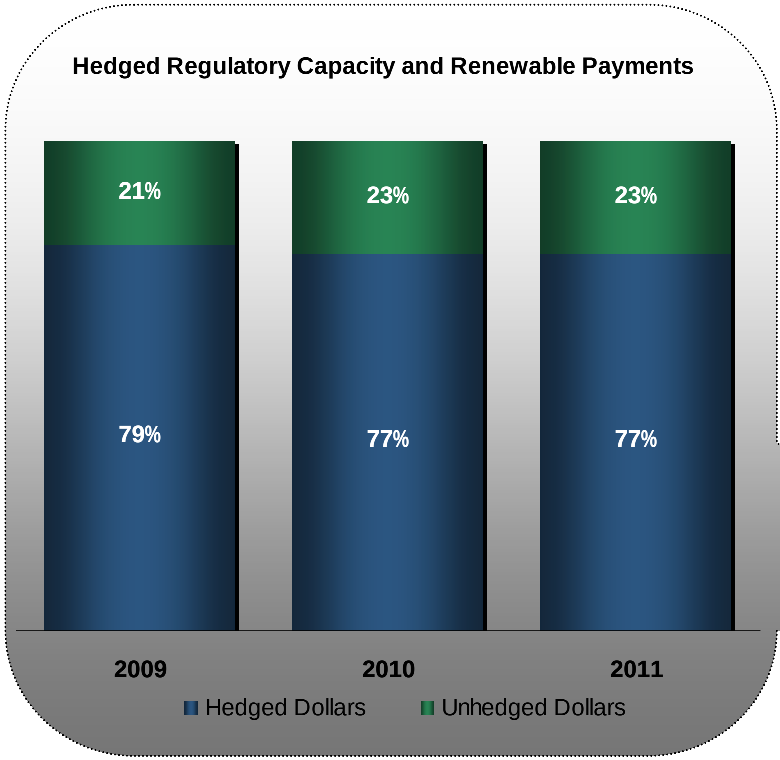


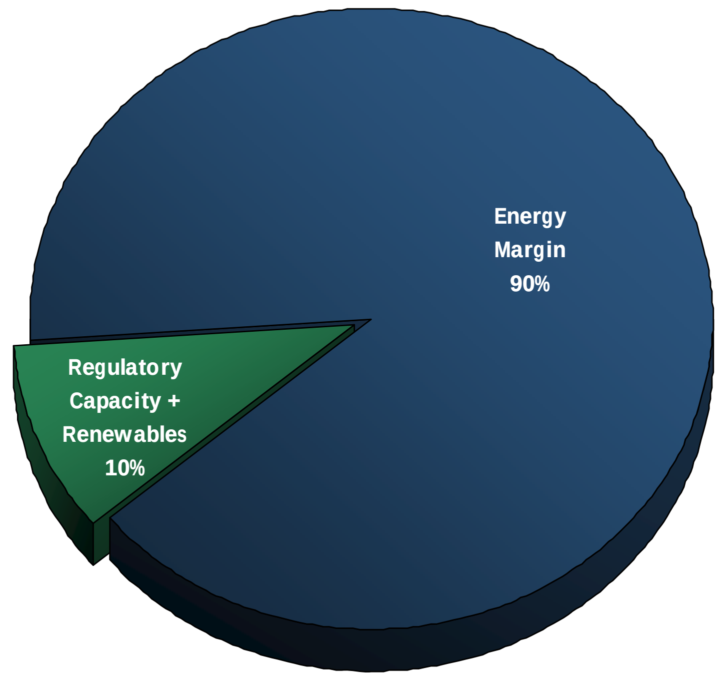




# Fixed Payment Hedge Profile

**Regulatory Capacity + Renewables Includes:**

- Capacity Payments[1]
- Renewable Energy Credits
- Resource Adequacy / RMR




[1] Capacity Payments include Regulatory Capacity Payments, but exclude capacity payments associated with PPA's, ESA's or tolling agreements

Note: Annual Commodity Margin portion is based on 2009 Estimate. Hedged Data as of 10/31/2008

# First Lien Program and Counterparty Risk Overview

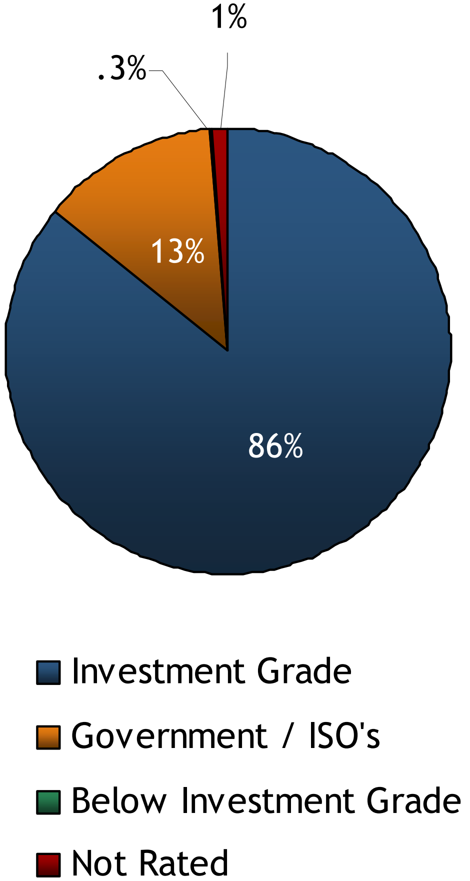
## First-lien Growing & Accelerating

**First-lien usage ⇨ 8/31 to present[1]**

| | % |
|---|---|
| **Increased MW's in first-lien program[2]** | **139%** |
| **First-lien as % of total new hedges** | **46%** |
| **(note 58% since mid-September)** | |
| **First-lien as a % of total hedges** | **15%** |
| **(up from 11%)** | |

## Strong credit profile of counterparties[3]

**Percentage of net exposure[3]**




[1] For Calendar year 2009 and 2010
[2] And equivalents
[3] CES contracts do not include plant specific contracts like host steam and power

# Growth Opportunities


*Greenfield Energy Centre, October 2008*

**Greenfield Energy Centre (COD of Oct. 17, 2008)**
- 1,005 MW gas-fired facility
- 50% owned (partnership with Mitsui)


*Otay Mesa Energy Center, October 2008*

**Otay Mesa Energy Center (projected Q3 2009 COD)**
- 596 MW combined-cycle plant, 100% owned
- Setting completed for HRSG modules & Unit 1&2 stacks; Completed major foundations


**Russell City (possible 2012 COD)**
- 600 MW combined-cycle plant, 65% owned (partnership with GE)
- Executed PPA before the CPUC
- Permitting in process

**Multiple long-term PPAs in discussions**

**Ongoing evaluation of additional opportunities for disciplined growth**



# Calpine Views on Current Market Concerns

CALPINE®

| | |
|---|---|
| **Recession** | Substantially hedged 2009, good progress on 2010<br>Current state of credit markets have effectively slowed new builds |
| **Market Liquidity** | For our hedging window, some liquidity loss, but hedging progress continues |
| **Wind** | In Texas, slower roll-out of CREZ<br>More regulatory review to come – especially around capacity and ancillaries<br>One view: higher on-peak and lower off-peak |
| **Lower Gas Prices** | Volatility not decreasing<br>Investment slowdown bullish in medium term |
| **Our Credit** | Plenty of cash liquidity<br>First-lien hedging program healthy |



# FINANCIAL UPDATE

# Long-Term Financial Strategy

**Strengthen**

**Strengthen balance sheet**

- Cash generation through prudent risk management and reduction of expenses
- Maintain strong liquidity and focus on non cash collateral alternatives

**Simplify**

**Simplify capital structure**

- Refinance project debt at corporate level
- Free trapped cash
- Increase transparency
- Reduce debt

**Responsible**

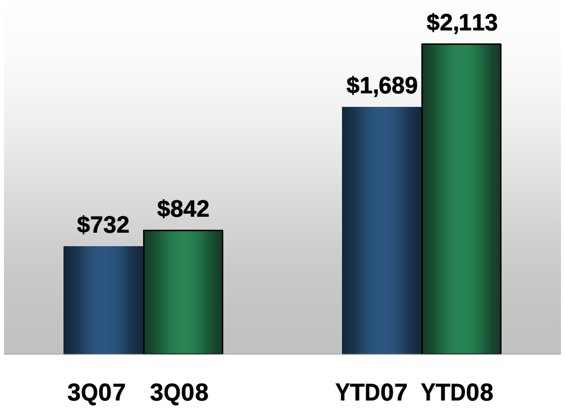
**Fiscally responsible**

- Disciplined capital allocation
- Fund attractive growth projects to increase return on equity

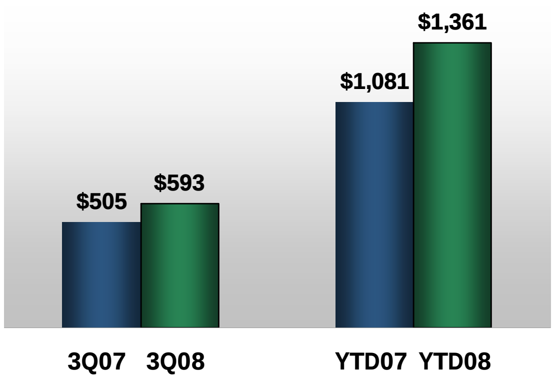


# Summary Financial Results

Commodity Margin ($mm)



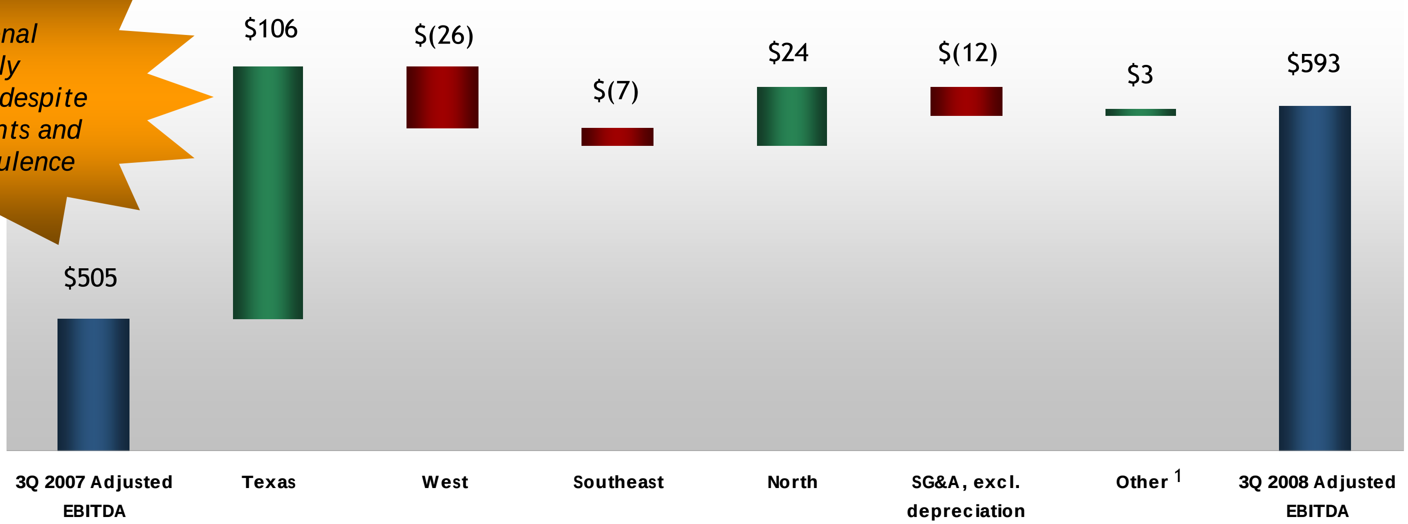

Adjusted EBITDA ($mm)




- **Third Quarter Highlights:**
  - Revenues increased by 37%
  - Commodity Margin ↑ 15% & Adjusted EBITDA ↑ 17% from 3Q 2007
    - Higher spark spreads & effective risk management in Texas
    - New/renegotiated contracts in West & Southeast
- **Year-to-date Highlights:**
  - Revenues increased by 32%
  - Commodity Margin ↑ 25% & Adjusted EBITDA ↑ 26% compared to 2007
    - Increased spark spreads in Texas & West
- **Strong Liquidity of $1.6 billion ↑ 135% for the quarter**
  - Sufficient to cover debt maturities through 2009
  - Improved the quality of liquidity
  - Increased focus on first-lien hedging program

# Third Quarter 2008 vs 2007 Adjusted EBITDA Bridge

*Exceptional quarterly performance despite weather events and market turbulence*




**Texas Region - 62% ↑ Commodity Margin**
- Higher market spark spreads
- Effective risk management following Hurricane Ike
- Offset by lower steam sales due to Ike

**West Region - 10% ↓ Commodity Margin**
- Weather-driven, softer heat rates, and lower hedged prices
- Lower inventory value for NG storage
- Offset by favorable renegotiated contracts

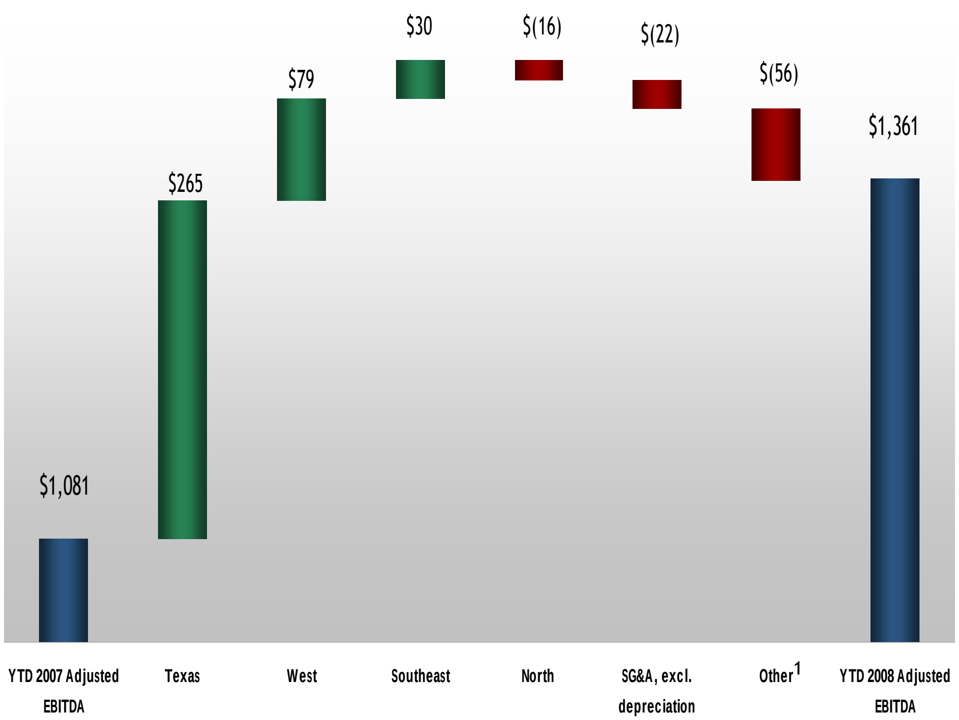
**Southeast Region - 5% ↓ Commodity Margin**
- Lower spark spreads on open positions
- Auburndale deconsolidation and asset sales
- Offset by more hedging and new favorable PPA's

**North Region - 22% ↑ Commodity Margin**
- Higher realized spark spreads
- Increased hedged position
- Offset by deconsolidation of RockGen

**SG&A - $12 million Increase**
- Consulting and legal expenses

[1] Includes the Other segment of commodity margin and cash realized mark-to-market.

# YTD 2008 vs 2007 Adjusted EBITDA Bridge




**Texas Region - 68% ↑ Commodity Margin**
- Higher spark spreads & effective risk management
- Transmission congestion in South and Houston zones

**West Region - 8% ↑ Commodity Margin**
- Higher off-peak spark spreads in Q2
- New favorable power contracts

**Southeast Region - 9% ↑ Commodity Margin**
- Higher hedged position; New favorable power contracts
- Sale of transmission capacity contract

**North Region - 6% ↑ Commodity Margin**
- Higher spark spreads offset by plant outages

**SG&A - $22 million Increase**
- Consulting and legal expenses

*Exceptional plant operations and commercial operations drive YTD Adjusted EBITDA growth*

[1] Includes the Other segment of commodity margin and cash realized mark-to-market.

# Liquidity and Debt Maturity

| ($mm) | 2Q08 | 3Q08 |
|---|---|---|
| Cash and Cash Equivalents, Corporate | $157 | $549 |
| Cash and Cash Equivalents, Non-corporate | 213 | 302 |
| **Total Cash and Cash Equivalents** | **$370** | **$851** |
| Revolver / LC Availability [1] | 306 | 739 |
| **Total Current Liquidity [2]** | **$676** | **$1,590** |

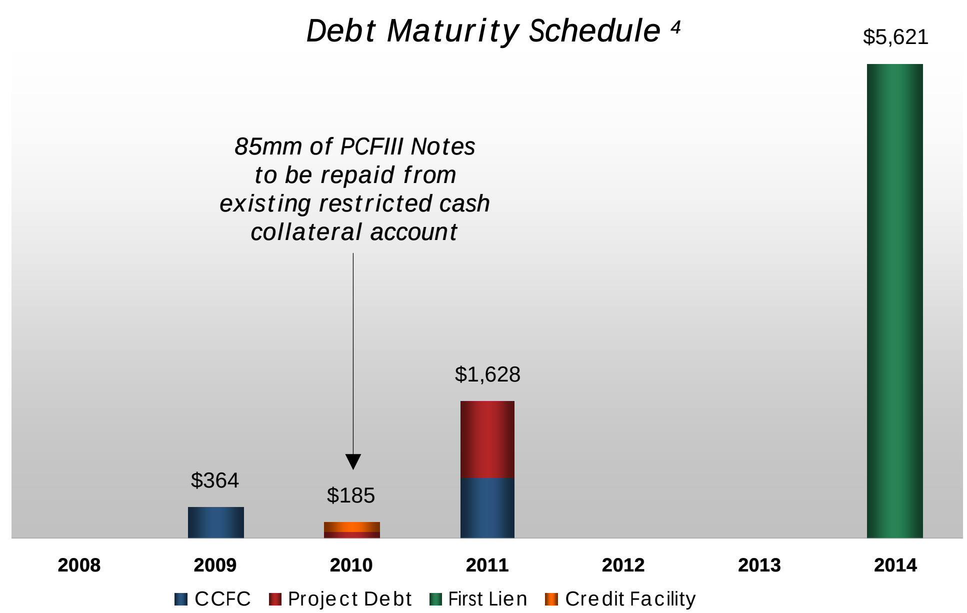
**Liquidity Sensitivities to Collateral Requirements[3]:**

- $1/mmbtu Δ in NG prices → $70-$80 mm <u>inverse</u> Δ in liquidity
- .17mmbtu/MWh Δ in MHR → $50-$55 mm <u>inverse</u> Δ in liquidity

NG = Natural Gas
MHR = Market Heat Rates

Debt Maturity Assumptions:

- Excludes Letter of Credit facilities
- Maturity balances assume no cash sweeps
- All other debt maturities are paid off from operating cash flows at the project level




[1] Includes total capacity under exit facility revolver, Calpine Development Holding, Inc. (CDHI) letter of credit facility, knock-in facility, and contingent commodity revolver, less cash drawn and letters of credit outstanding as of such date.
[2] Excludes contingent amounts of $150 million under the Knock-in Facility and $200 million under the Commodity Collateral Revolver.
[3] As of portfolio valuation on 10/31/2008
[4] The schedule shown here is not prepared on a GAAP basis and does not conform to the debt maturity schedule presented in Calpine's Form 10-Q. Refer to the Form 10-Q for further information regarding GAAP-basis debt maturity.

# Full Year 2008 Guidance

| ($mm) | FY 2008 | Recurring | |
|---|---|---|---|
| Adjusted EBITDA | $1,650 - $1,675 | | |
| Major Cash Items | | | |
| Recurring Cash Interest [1] | $800 | $750 | |
| Cash Major Maintenance [2] | $165 | $150 - $160 | $260 - $290 million |
| Capital Expenditures [3] | $170 | $110 - $130 | |

**Delivering on our commitment to increase the level of transparency**

[1] Recurring Cash Interest in 2008 excludes interest on Second Priority Senior Notes of approximately $250 million

**[2] 2008 & 2009 higher than recurring amounts shown above**

[3] Purchases of property, plant, and equipment excludes major construction and development projects funded with debt

## SUMMARY



# Q&A



**APPENDIX**

# Selected Operating Statistics [1]

| | 3Q08 | 3Q07 | | 3Q08 | 3Q07 |
|---|---|---|---|---|---|
| *Total MWh Generated (in thousands)* | ***25,868*** | ***27,127*** | *Average MW of Peaker Facilities* | ***2,540*** | ***3,019*** |
| West | 10,563 | 10,218 | West | 983 | 983 |
| Texas | 9,830 | 9,907 | Texas | - | - |
| Southeast | 3,806 | 5,089 | Southeast | 963 | 963 |
| North | 1,669 | 1,913 | North | 594 | 1,073 |
| *Average Availability* | ***96.6%*** | ***93.9%*** | *Average Capacity Factor, excl. Peakers* | ***55.2%*** | ***54.6%*** |
| West | 95.8% | 94.2% | West | 73.9% | 72.1% |
| Texas | 96.9% | 96.2% | Texas | 61.4% | 61.8% |
| Southeast | 97.4% | 91.5% | Southeast | 29.8% | 34.1% |
| North | 96.7% | 92.5% | North | 39.1% | 39.0% |
| *Average Total MW in Operation* | ***23,064*** | ***24,854*** | *Steam Adjusted Heat Rate (Btu/KWh)* | ***7,274*** | ***7,211*** |
| West | 7,246 | 7,246 | West | 7,314 | 7,313 |
| Texas | 7,251 | 7,266 | Texas | 7,147 | 6,967 |
| Southeast | 6,205 | 7,327 | Southeast | 7,335 | 7,441 |
| North | 2,362 | 3,015 | North | 7,722 | 7,492 |

[1] Excludes plants sold or mothballed since 3Q07 (Adjusted for sale of Acadia and mothball of Pryor). Not adjusted for deconsolidation of Auburndale and RockGen



# Capital Structure Overview

| ($mm) | 3Q08 |
|---|---|
| Exit Credit Facility | $ 5,935 |
| Construction / Project Financing | 2,008 |
| CCFC Financing | 777 |
| Preferred Interests | 335 |
| Notes Payable and Other Borrowings | 363 |
| Capital Lease Obligations | 277 |
| Commodity Collateral Revolver | 100 |
| *Total Debt* | *$ 9,795* |
| Less: Cash & Cash Equivalents | 851 |
| *Net Debt* | *$ 8,944* |

**Net Debt / Adjusted EBITDA[1] = 5.3x**

[1] Trailing twelve month Adjusted EBITDA as of September 30, 2008



# Calpine Continues to Benefit from NOL Positions

- Calpine (including CCFC) has $5.3 billion of U.S. NOLs which will have annual IRC Section 382 limitations on usage as follows:
  - $4.8 billion over 14 years ($4.8 billion/14 years = $343 million/year)
  - $465 million over 5 years ($465 million/5 years = $93 million/year)
  - Any amount not utilized in any year from these limitations can be carried forward to succeeding years.

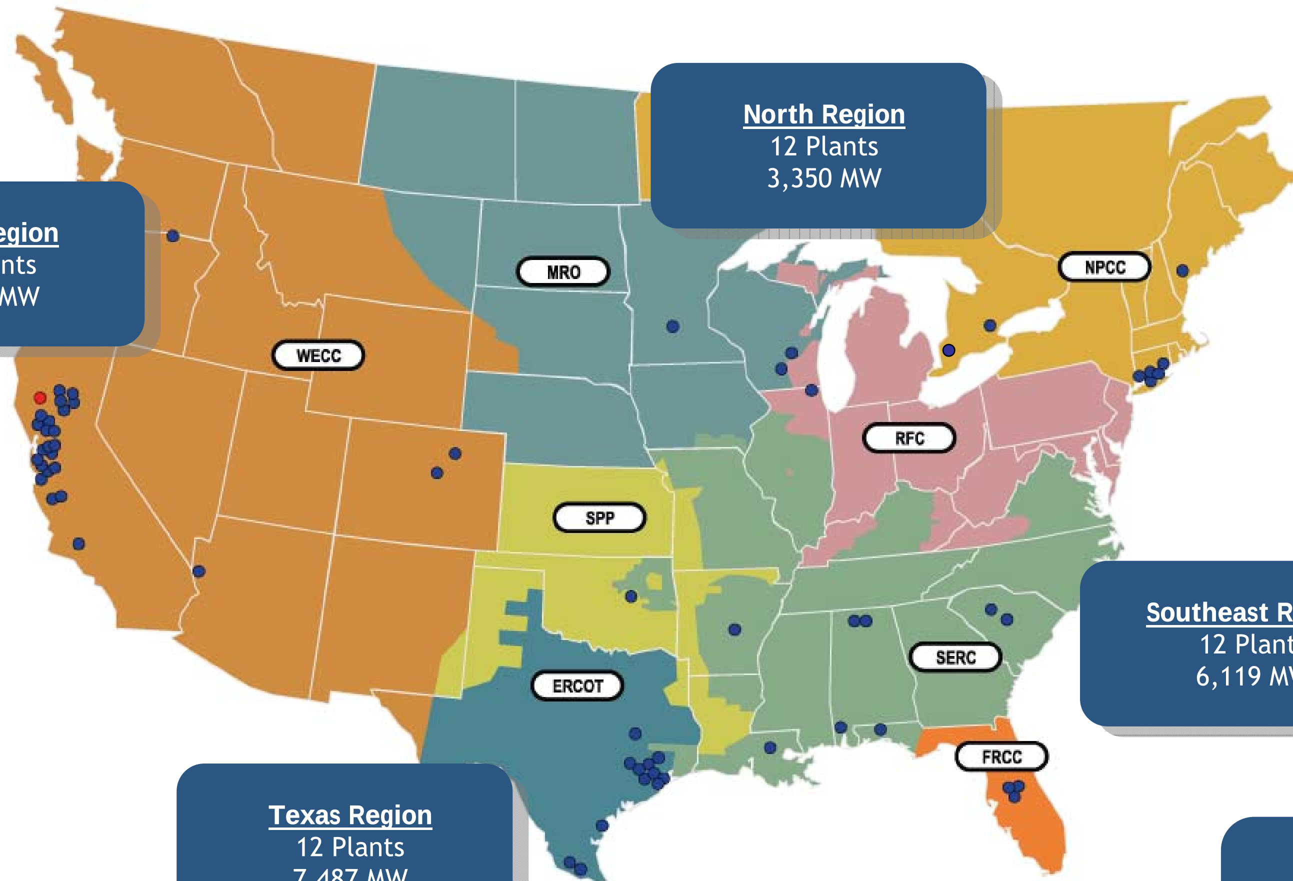
- There are approximately $1.0 billion of NOLs associated with Canada.

- In addition to these NOLs, Calpine has significant deferred tax assets related to the bankruptcy that will generate tax deductions not limited under IRC Section 382.

- Calpine has identified an estimated $1.5 - $2.0 billion in total U.S. NOLs generated during 2008, ~90% of which will not be limited under IRC Section 382.



# Our Operating Portfolio:
# Over 24,000 MW in 16 States and Canada




**West Region**
43 Plants
7,246 MW

**North Region**
12 Plants
3,350 MW

**Southeast Region**
12 Plants
6,119 MW

**Texas Region**
12 Plants
7,487 MW

**TOTAL**
79 Plants
24,202 MW

- In Operation – Gas-Fired (62)
- In Operation – Geothermal (17)

Note: Represents Calpine's net ownership, including peaking capacity. As of October 17, 2008

# Calpine Operating Plants – *As of Oct. 17, 2008*

| | Technology | Load Type | Location | COD | With Peaking Capacity | CPN Interest | With Peaking Capacity, Net |
|---|---|---|---|---|---|---|---|
| *West Region* | | | | | | | |
| Agnews Power Plant* | Natural Gas | Intermediate | CA | 1990 | 28 | 100% | 28 |
| Blue Spruce Energy Center | Natural Gas | Peaking | CO | 2003 | 285 | 100% | 285 |
| Creed Energy Center | Natural Gas | Peaking | CA | 2003 | 47 | 100% | 47 |
| Delta Energy Center | Natural Gas | Intermediate | CA | 2002 | 840 | 100% | 840 |
| Feather River Energy Center | Natural Gas | Peaking | CA | 2002 | 47 | 100% | 47 |
| Geysers (17 plants) | Geothermal | Baseload | CA | 1971 - 1989 | 725 | 100% | 725 |
| Gilroy Cogeneration Plant* | Natural Gas | Intermediate | CA | 1998 | 128 | 100% | 128 |
| Gilroy Energy Center | Natural Gas | Peaking | CA | 2002 | 135 | 100% | 135 |
| Goose Haven Energy Center | Natural Gas | Peaking | CA | 2003 | 47 | 100% | 47 |
| Greenleaf 1 Power Plant* | Natural Gas | Intermediate | CA | 1989 | 50 | 100% | 50 |
| Greenleaf 2 Power Plant* | Natural Gas | Intermediate | CA | 1989 | 49 | 100% | 49 |
| Hermiston Power Project | Natural Gas | Intermediate | OR | 2002 | 616 | 100% | 616 |
| King City Cogeneration Plant* | Natural Gas | Intermediate | CA | 1989 | 120 | 100% | 120 |
| King City Peaking Energy Center | Natural Gas | Peaking | CA | 2002 | 45 | 100% | 45 |
| Lambie Energy Center | Natural Gas | Peaking | CA | 2003 | 47 | 100% | 47 |
| Los Esteros Critical Energy Facility | Natural Gas | Peaking | CA | 2003 | 188 | 100% | 188 |
| Los Medanos Energy Center* | Natural Gas | Intermediate | CA | 2001 | 540 | 100% | 540 |
| Metcalf Energy Center | Natural Gas | Intermediate | CA | 2005 | 605 | 100% | 605 |
| Pastoria Energy Center | Natural Gas | Intermediate | CA | 2005 | 750 | 100% | 750 |
| Pittsburg Power Plant* | Natural Gas | Intermediate | CA | 1965 | 64 | 100% | 64 |
| Riverview Energy Center | Natural Gas | Peaking | CA | 2003 | 47 | 100% | 47 |
| Rocky Mountain Energy Center | Natural Gas | Intermediate | CO | 2004 | 621 | 100% | 621 |
| South Point Energy Center | Natural Gas | Intermediate | AZ | 2001 | 520 | 100% | 520 |
| Sutter Energy Center | Natural Gas | Intermediate | CA | 2001 | 578 | 100% | 578 |
| Watsonville (Monterey) Cogen Plant* | Natural Gas | Intermediate | CA | 1990 | 29 | 100% | 29 |
| Wolfskill Energy Center | Natural Gas | Peaking | CA | 2003 | 48 | 100% | 48 |
| Yuba City Energy Center | Natural Gas | Peaking | CA | 2002 | 47 | 100% | 47 |
| **Total - West Region** | | | | | | | **7,246** |
| *Texas Region* | | | | | | | |
| Baytown Energy Center* | Natural Gas | Intermediate | TX | 2002 | 830 | 100% | 830 |
| Brazos Valley Power Plant | Natural Gas | Intermediate | TX | 2003 | 594 | 100% | 594 |
| Channel Energy Center* | Natural Gas | Intermediate | TX | 2001 | 593 | 100% | 593 |
| Clear Lake Power Plant* | Natural Gas | Intermediate | TX | 1985 | 377 | 100% | 377 |
| Corpus Christi Energy Center* | Natural Gas | Intermediate | TX | 2002 | 505 | 100% | 505 |
| Deer Park Energy Center* | Natural Gas | Intermediate | TX | 2003 | 1,019 | 100% | 1,019 |
| Freeport Energy Center* | Natural Gas | Intermediate | TX | 2005 | 236 | 100% | 236 |
| Freestone Energy Center | Natural Gas | Intermediate | TX | 2002 | 1,036 | 100% | 1,036 |
| Hidalgo Energy Center | Natural Gas | Intermediate | TX | 2000 | 479 | 79% | 376 |
| Magic Valley Generation Station | Natural Gas | Intermediate | TX | 2002 | 692 | 100% | 692 |
| Pasadena Power Plant | Natural Gas | Intermediate | TX | 1998 | 776 | 100% | 776 |
| Texas City Power Plant* | Natural Gas | Intermediate | TX | 1987 | 453 | 100% | 453 |
| **Total - Texas Region** | | | | | | | **7,487** |



# Calpine Operating Plants (continued) – *As of Oct. 17, 2008*

| | Technology | Load Type | Location | COD | With Peaking Capacity | CPN Interest | With Peaking Capacity, Net |
|---|---|---|---|---|---|---|---|
| *North Region* | | | | | | | |
| Bethpage Energy Center 3 | Natural Gas | Intermediate | NY | 2005 | 80 | 100% | 80 |
| Bethpage Peaker | Natural Gas | Peaking | NY | 2002 | 48 | 100% | 48 |
| Bethpage Power Plant | Natural Gas | Intermediate | NY | 1989 | 56 | 100% | 56 |
| Greenfield Energy Centre | Natural Gas | Intermediate | Ontario, CA | 2008 | 1,005 | 50% | 503 |
| Kennedy Int'l Airport Power Plant* | Natural Gas | Intermediate | NY | 1995 | 121 | 100% | 121 |
| Mankato Power Plant | Natural Gas | Intermediate | MN | 2005 | 324 | 100% | 324 |
| Riverside Energy Center | Natural Gas | Intermediate | WI | 2004 | 603 | 100% | 603 |
| RockGen Energy Center | Natural Gas | Peaking | WI | 2001 | 460 | 100% | 460 |
| Stony Brook Power Plant* | Natural Gas | Intermediate | NY | 1995 | 47 | 100% | 47 |
| Westbrook Energy Center | Natural Gas | Intermediate | ME | 2001 | 537 | 100% | 537 |
| Whitby Cogen | Natural Gas | Intermediate | Ontario, CA | 1998 | 50 | 50% | 25 |
| Zion Energy Center | Natural Gas | Peaking | IL | 2002 | 546 | 100% | 546 |
| **Total - North Region** | | | | | | | **3,350** |
| *Southeast Region* | | | | | | | |
| Auburndale Peaking Energy Center | Natural Gas | Peaking | FL | 2002 | 116 | 100% | 116 |
| Auburndale Power Plant* | Natural Gas | Intermediate | FL | 1994 | 150 | 10% | 15 |
| Broad River Energy Center | Natural Gas | Peaking | SC | 2000 | 847 | 100% | 847 |
| Carville Energy Center* | Natural Gas | Intermediate | LA | 2003 | 501 | 100% | 501 |
| Columbia Energy Center* | Natural Gas | Intermediate | SC | 2002 | 606 | 100% | 606 |
| Decatur Energy Center | Natural Gas | Intermediate | AL | 2002 | 792 | 100% | 792 |
| Hog Bayou Energy Center | Natural Gas | Intermediate | AL | 2001 | 237 | 100% | 237 |
| Morgan Energy Center* | Natural Gas | Intermediate | AL | 2003 | 807 | 100% | 807 |
| Oneta Energy Center | Natural Gas | Intermediate | OK | 2002 | 1,134 | 100% | 1,134 |
| Osprey Energy Center | Natural Gas | Intermediate | FL | 2004 | 599 | 100% | 599 |
| Pine Bluff Energy Center* | Natural Gas | Intermediate | AR | 2001 | 215 | 100% | 215 |
| Santa Rosa Energy Center* | Natural Gas | Intermediate | FL | 2003 | 250 | 100% | 250 |
| **Total - Southeast Region** | | | | | | | **6,119** |
| **TOTAL - CALPINE** | | | | | | | **24,202** |

** Indicates cogeneration plant*



# Reg G Reconciliation: Commodity Margin

*Calpine uses the non-GAAP financial measure "Commodity Margin" to assess its financial performance on a consolidated basis and by its reportable segments. Commodity Margin includes its electricity and steam revenues, hedging and optimization activities, renewable energy credit revenue, transmission revenue and expenses, and fuel and purchased energy expenses, but excludes mark-to-market activity and other service revenues. Calpine believes that Commodity Margin is a useful tool for assessing the performance of its core operations and is a key operational measure reviewed by its chief operating decision maker. Commodity Margin is not a measure calculated in accordance with GAAP and should be viewed as a supplement to and not a substitute for Calpine's results of operations presented in accordance with GAAP. Commodity Margin does not purport to represent gross profit (loss), the most comparable GAAP measure, as an indicator of operating performance and is not necessarily comparable to similarly titled measures reported by other companies.*

**Three Months Ended September 30, 2008**

| *(in millions)* | West | Texas | Southeast | North | Other | Consolidation And Elimination | Total |
|---|---|---|---|---|---|---|---|
| Revenues from external customers | $ 1,202 | $ 1,354 | $ 374 | $ 208 | $ 52 | $ — | $ 3,190 |
| Intersegment revenues | 11 | 89 | 74 | 2 | 4 | (180) | — |
| Total revenue | $ 1,213 | $ 1,443 | $ 448 | $ 210 | $ 56 | $ (180) | $ 3,190 |
| Commodity Margin | $ 345 | $ 272 | $ 106 | $ 96 | $ 23 | $ — | $ 842 |
| Add: Mark-to-market commodity activity, net and other revenue(1) | 7 | 52 | 1 | 1 | (32) | (3) | 26 |
| Less: | | | | | | | |
| Plant operating expense | 94 | 53 | 29 | 21 | 3 | (2) | 198 |
| Depreciation and amortization expense | 48 | 31 | 17 | 15 | 1 | (2) | 110 |
| Other cost of revenue | 14 | — | 4 | 7 | 1 | — | 26 |
| Gross profit (loss) | 196 | 240 | 57 | 54 | (14) | 1 | 534 |

**Three Months Ended September 30, 2007**

| *(in millions)* | West | Texas | Southeast | North | Other | Consolidation and Elimination | Total |
|---|---|---|---|---|---|---|---|
| Revenues from external customers | $ 1,032 | $ 784 | $ 327 | $ 186 | $ (5) | $ — | $ 2,324 |
| Intersegment revenues | 7 | 1 | 41 | 6 | 2 | (57) | — |
| Total revenue | $ 1,039 | $ 785 | $ 368 | $ 192 | $ (3) | $ (57) | $ 2,324 |
| Commodity Margin | $ 385 | $ 168 | $ 112 | $ 79 | $ (12) | $ — | $ 732 |
| Add: Mark-to-market commodity activity, net and other revenue(1) | 1 | 37 | 1 | — | (15) | (2) | 22 |
| Less: | | | | | | | |
| Plant operating expense | 81 | 44 | 29 | 21 | 10 | (3) | 182 |
| Depreciation and amortization expense | 52 | 31 | 18 | 14 | 1 | (2) | 114 |
| Other cost of revenue | 14 | — | 7 | 8 | 1 | 1 | 31 |
| Gross profit (loss) | 239 | 130 | 59 | 36 | (39) | 2 | 427 |

[1] Included in operating revenues and fuel and purchased energy expenses.



# Reg G Reconciliation: Commodity Margin (cont'd)

| *(in millions)* | Nine Months Ended September 30, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | West | Texas | Southeast | North | Other | Consolidation and Elimination | Total |
| Revenues from external customers | $ 3,320 | $ 3,180 | $ 1,031 | $ 528 | $ (90) | $ — | $ 7,969 |
| Intersegment revenues | 32 | 205 | 167 | 13 | 9 | (426) | — |
| Total revenue | $ 3,352 | $ 3,385 | $ 1,198 | $ 541 | $ (81) | $ (426) | $ 7,969 |
| Commodity Margin | $ 954 | $ 660 | $ 234 | $ 230 | $ 35 | $ — | $ 2,113 |
| Add: Mark-to-market commodity activity, net and other revenue[1] | 21 | 93 | 2 | 1 | (187) | (9) | (79) |
| Less: | | | | | | | |
| Plant operating expense | 293 | 163 | 79 | 70 | 40 | (9) | 636 |
| Depreciation and amortization expense | 142 | 94 | 54 | 40 | 3 | (4) | 329 |
| Other cost of revenue | 44 | — | 20 | 19 | 5 | — | 88 |
| Gross profit (loss) | 496 | 496 | 83 | 102 | (200) | 4 | 981 |

| *(in millions)* | Nine Months Ended September 30, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | West | Texas | Southeast | North | Other | Consolidation and Elimination | Total |
| Revenues from external customers | $ 2,636 | $ 2,104 | $ 828 | $ 485 | $ (7) | $ — | $ 6,046 |
| Intersegment revenues | 22 | (1) | 113 | 8 | 17 | (159) | — |
| Total revenue | $ 2,658 | $ 2,103 | $ 941 | $ 493 | $ 10 | $ (159) | $ 6,046 |
| Commodity Margin | $ 880 | $ 392 | $ 214 | $ 217 | $ (14) | $ — | $ 1,689 |
| Add: Mark-to-market commodity activity, net and other revenue[1] | 16 | 89 | 9 | — | (36) | (18) | 60 |
| Less: | | | | | | | |
| Plant operating expense | 246 | 112 | 84 | 59 | 68 | (8) | 561 |
| Depreciation and amortization expense | 157 | 91 | 60 | 41 | 3 | (2) | 350 |
| Other cost of revenue | 36 | — | 23 | 25 | 22 | (5) | 101 |
| Gross profit (loss) | 457 | 278 | 56 | 92 | (143) | (3) | 737 |

[1] Included in operating revenues and fuel and purchased energy expenses.



# Reg G Reconciliation: Adjusted EBITDA

*Calpine uses the non-GAAP financial measure "Adjusted EBITDA" as a measure of its liquidity and performance. Calpine defines Adjusted EBITDA as EBITDA as adjusted for certain items described in this presentation and in the accompanying reconciliation. Adjusted EBITDA is not a measure calculated in accordance with GAAP and should be viewed as a supplement to and not a substitute for our results of operations presented in accordance with GAAP. Adjusted EBITDA does not purport to represent cash flow from operations or net income (loss) as defined by GAAP as an indicator of operating performance. Furthermore, Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies.*

*Calpine believes Adjusted EBITDA is used by and useful to investors and other users of our financial statements in analyzing our liquidity as it is the basis for material covenants under our DIP Facility, which was our primary source of financing during our Chapter 11 cases, and under our Exit Facility, which is our primary source of funding. Calpine also believes that EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.*

| *(in millions)* | Three Months Ended September 30, 2008 | Three Months Ended September 30, 2007 | Nine Months Ended September 30, 2008 | Nine Months Ended September 30, 2007 |
|---|---|---|---|---|
| Cash provided by operating activities | $ 941 | $ 256 | $ 355 | $ 72 |
| Less: | | | | |
| Changes in operating assets and liabilities | 420 | 217 | (12) | 139 |
| Additional adjustments to reconcile GAAP net income to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization expense[1] | 138 | 136 | 418 | 420 |
| Deferred income taxes | (145) | 51 | (60) | 133 |
| Panda settlement | 13 | — | 13 | — |
| Change in the fair value of derivative assets and liabilities and derivative contracts classified as financing activities | 162 | (14) | (30) | (24) |
| Reorganization items | (9) | (3,956) | (331) | (3,459) |
| Impairment charges | 179 | — | 179 | — |
| Loss on sale of assets, excluding reorganization items | — | 22 | 6 | 24 |
| Other | 47 | 6 | 53 | 4 |
| GAAP net income | 136 | 3,794 | 119 | 2,835 |
| Add: | | | | |
| Adjustments to reconcile GAAP net income to Adjusted EBITDA: | | | | |
| Interest expense, net of interest income | 201 | 603 | 799 | 1,133 |
| Depreciation and amortization expense, excluding deferred financing costs[1] | 117 | 125 | 357 | 383 |
| (Benefit) provision for income taxes | (80) | 51 | (60) | 133 |
| Impairment charges | 179 | — | 179 | — |
| Loss on sale of assets, excluding reorganization items | — | 22 | 6 | 24 |
| Reorganization items | (2) | (3,940) | (263) | (3,366) |
| Major maintenance expense | 22 | 4 | 118 | 78 |
| Losses on repurchase or extinguishment of debt | — | — | 13 | — |
| Operating lease expense | 12 | 15 | 35 | 39 |
| Gains on derivatives (non-cash portion) | (38) | (20) | (10) | (22) |
| Claim settlement income | — | (129) | — | (129) |
| Stock-based compensation expense (income) | 17 | — | 36 | (1) |
| Other | 29 | (20) | 32 | (26) |
| Adjusted EBITDA | $ 593 | $ 505 | $ 1,361 | $ 1,081 |



# Reg G Reconciliation: Adjusted EBITDA Guidance

*Calpine uses the non-GAAP financial measure "Adjusted EBITDA" as a measure of its liquidity and performance. Calpine defines Adjusted EBITDA as EBITDA as adjusted for certain items described in this presentation and in the accompanying reconciliation. Adjusted EBITDA is not a measure calculated in accordance with GAAP and should be viewed as a supplement to and not a substitute for our results of operations presented in accordance with GAAP. Adjusted EBITDA does not purport to represent cash flow from operations or net income (loss) as defined by GAAP as an indicator of operating performance. Furthermore, Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies.*

*Calpine believes Adjusted EBITDA is used by and useful to investors and other users of our financial statements in analyzing our liquidity as it is the basis for material covenants under our DIP Facility, which was our primary source of financing during our Chapter 11 cases, and under our Exit Facility, which is our primary source of funding. Calpine also believes that EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.*

| ($mm) | FY 2008 Range | |
|---|---|---|
| | Low | High |
| Adjusted EBITDA | $ 1,650 | $ 1,675 |
| Less: | | |
| Interest Expense, net of Interest Income [1] | 1,018 | 1,018 |
| Operating Lease Expense | 45 | 45 |
| Depreciation and Amortization | 442 | 442 |
| Major Maintenance | 175 | 175 |
| Other [2] | (155) | (155) |
| Net Income | $ 125 | $ 150 |

[1] Includes interest paid on Second Priority Liens

[2] Other includes Stock Compensation, Minority Interest Expense, Impairment, and other adjustments

CALPINE®