Hearing Date: February 27, 2007 at 10:00 a.m. (EST)
Objection Deadline: February 16, 2007 at 12:00 p.m. (EST)

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Stephen E. Hessler (admitted pro hac vice)

Counsel for the Debtors

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	
Calpine Corporation, et al.,	Chapter 11
Debtors.	Case No. 05-60200 (BRL) Jointly Administered

NOTICE OF DEBTORS' MOTION FOR ORDER (I) AUTHORIZING DEBTORS TO OBTAIN REPLACEMENT POSTPETITION FINANCING TO (A) REFINANCE EXISTING POSTPETITION FINANCING AND (B) REPAY PREPETITION DEBT; (II) ALLOWING DEBTORS' LIMITED OBJECTION TO CLAIMS; AND (III) DETERMINING VALUE OF SECURED CLAIMS

PLEASE TAKE NOTICE that at **10:00 a.m. (EST)** on **February 27, 2007**, the Debtors in the above-captioned chapter 11 cases, by their respective counsel, shall appear before the Honorable Judge Burton R. Lifland, at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 623, or soon thereafter as counsel may be heard, and present Debtors' Motion For Order (I) Authorizing Debtors to Obtain Replacement Postpetition Financing to (A) Refinance Existing Postpetition Financing and (B) Repay Prepetition Debt; (II) Allowing Debtors' Limited Objection to Claims; and (III) Determining Value of Secured Claims.

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PLEASE TAKE FURTHER NOTICE that the Hearing may be adjourned thereafter from time to time without further notice.

PLEASE TAKE FURTHER NOTICE that objections to the Motion, if any, must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court and shall be filed with the Bankruptcy Court electronically by registered users of the Bankruptcy Court's case filing system (the User's Manual for the Electronic Case Filing System can be found at http://www.nysb.uscourts.gov, the official website for the Bankruptcy Court) and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format (in either case, with a hard copy delivered directly to Chambers) and shall be served upon: (a) counsel to the Debtors, Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, New York 10022, Attn.: Edward O. Sassower, Esq.; (b) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn.: Paul Schwartzberg, Esq., (c) counsel to the Unofficial Committee of Second Lien Debtholders, Paul Weiss Rifkind Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019-6064, Attn.: Alan W. Kornberg, Andrew N. Rosenberg, Elizabeth R. McColm; (d) counsel to the Official Committee of Unsecured Creditors, Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, New York 10022-2524, Attn.: Michael S. Stamer, Philip C. Dublin, and Alexis Freeman; and (e) counsel to the Official Committee of Equity Security Holders, Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, New York 10004, Attn.: Gary Kaplan; so as to be received no later than **February 16, 2007 at 12:00 p.m.**

Dated: January 26, 2007
New York, New York

Respectfully submitted,

/s/ Richard. M. Cieri_ _____

Richard M. Cieri (RC 6062)
Marc Kieselstein (admitted pro hac vice)
David R. Seligman (admitted pro hac vice)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11
Calpine Corporation, et al.,	)	
	)	Case No. 05-60200 (BRL)
Debtors.	)	Jointly Administered

DEBTORS' MOTION FOR ORDER (I) AUTHORIZING DEBTORS TO OBTAIN REPLACEMENT POSTPETITION FINANCING TO (A) REFINANCE EXISTING POSTPETITION FINANCING AND (B) REPAY PREPETITION DEBT; (II) ALLOWING DEBTORS' LIMITED OBJECTION TO CLAIMS; AND (III) DETERMINING VALUE OF SECURED CLAIMS

Calpine Corporation ("Calpine") and its affiliated debtors and debtors in possession (the "Debtors") file this motion (the "Motion") seeking entry of orders, in substantially the form attached hereto as Exhibits A and B, (I) authorizing the Debtors to obtain replacement postpetition financing for the purposes of allowing the Debtors to (A) refinance their existing postpetition financing and (B) repay certain prepetition debt; (II) allowing the Debtors' limited objection to certain claims; and (III) determining the value of certain secured claims pursuant to Bankruptcy Rule 3012. In support of this Motion, the Debtors respectfully state as follows.

INTRODUCTION

A critical focus of the Debtors has been to improve cash flow through their numerous restructuring efforts, which include (i) reducing overhead expenses, (ii) the divestiture of underperforming and unprofitable projects, and (iii) the renegotiation and/or rejection of out-of-market contracts. Another effective method is to utilize presently favorable conditions within the credit markets to replace high interest-rate debt with lower interest-rate debt. To that end, the Debtors have already obtained this Court's approval to use asset sale proceeds and funds from their debtor-in-possession financing to repay in full approximately $650 million of Calpine First Lien Notes (as defined in Section II of this Motion)—thus saving their estates almost $2 million per month. Similarly, in the Chapter 11 proceedings of Delphi Corporation, also ongoing in the Southern District of New York, the Court very recently authorized approximately $4.5 billion in replacement debtor-in-possession financing that will be used to refinance, at lower rates, an existing $2.0 billion debtor-in-possession facility and approximately $2.5 billion of other prepetition facilities—thus allowing the Delphi debtors to save approximately $8 million per month.

By this Motion, the Debtors likewise seek approval for a $5.0 billion replacement debtor-in-possession financing facility (the "Replacement DIP Facility"). The Debtors seek to use these funds primarily for two purposes: to refinance the Debtors' existing $2.0 billion debtor-in possession financing (the "Existing DIP Facility"), and to repay approximately $2.516 billion of secured prepetition debt at one of the Debtors' largest operating subsidiaries, Calpine Generating Company, LLC (the "CalGen Secured Debt" and "CalGen"). In both instances, the Debtors' proposed refinancing (the "Proposed Refinancing") will replace higher interest-rate debt with lower interest-rate debt. Given the large sums of principal at issue, the interest rate savings the Debtors intend to capture through the Proposed Refinancing are substantial: approximately $100 million annually, or approximately $8 million per month. Furthermore, the Debtors expect to save another

approximately $5 million annually by no longer having to pay the professionals' fees of the eleven trustees, law firms, and financial advisers retained by the holders of the CalGen Secured Debt (the "CalGen Lenders").

This Motion also asks the Court to allow the Debtors' limited objection to the claims filed by the CalGen Lenders—and, as needed, determine the value of these secured claims pursuant to Bankruptcy Rule 3012. As an initial matter, the Debtors anticipate the CalGen Lenders will oppose the Proposed Refinancing on the ground that the Debtors are absolutely barred from repaying certain tranches of CalGen Secured Debt until specified "lockout" periods have concluded. These arguments cannot be sustained, however, as prepayment prohibition (or "no-call") provisions are unenforceable against Chapter 11 debtors. The Debtors further anticipate the CalGen Lenders will claim the Proposed Refinancing obligates the Debtors to pay a "makewhole" premium as compensation for discontinued future interest payments. But any such demand also is unsustainable, as the clear terms of the governing indentures plainly do not require a makewhole premium in these circumstances: where repayment will occur before the makewhole period has begun or the accelerated debt (but not a makewhole obligation) is due and payable immediately. Accordingly, through the claims objection and/or valuation processes, the Debtors respectfully request that the Court disallow the CalGen Claims to the extent that they seek amounts in excess of outstanding principal, plus unpaid interest at the non-default contract rate, through the date of repayments.

Another significant benefit of the Proposed Refinancing is that it substantially enhances the Debtors' prospects for a successful emergence from Chapter 11 because of the "rollover" option that allows (but does not obligate) the Debtors to convert the Replacement DIP Facility into an exit financing. This rollover option dramatically reduces exit financing risk and sets a capital structure "floor" for purposes of developing and negotiating a reorganization plan. Further

to that end, by repaying the CalGen Secured Debt, there will be measurably fewer lenders (and advisers) with whom the Debtors will have to negotiate a reorganization plan.

Lastly, for multiple reasons, the timing of the Motion is of the essence. Most significantly, the commitments under the Proposed Refinancing expire on March 30, 2007, which means the Replacement DIP Facility, as well as the refinancing the Existing DIP Facility and the repayment of the CalGen Secured Debt, all must be approved and consummated by that date. Furthermore, it is impossible to know for certain that the low interest rates and favorable terms currently offered by the capital markets will continue into the near future—much less through the end of the Debtors' Chapter 11 Cases—or if debt capital will even be available to the Debtors in the amounts proposed herein.

In sum, for the following reasons, the Debtors respectfully request that this Court approve the Proposed Refinancing.

JURISDICTION

This Court has jurisdiction over the Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND[1]

1. Prepetition CalGen Secured Debt

As noted above, CalGen is one of the Debtors' largest operating subsidiaries, indirectly owning 14 natural gas-fired power plants that have an aggregated estimated peak capacity of 9,815 megawatts, or more than one-third of Calpine's 26,459 megawatts of aggregate estimated peak capacity in operation as of December 31, 2005. On March 23, 2004, CalGen issued $2.605

billion of secured debt through a series of first, second, and third-lien financings.[2] Approximately $2.516 billion of CalGen Secured Debt is currently outstanding, on which the weighted average interest rate is 11.25%.[3] In addition, there are approximately $40 million in letters of credit outstanding against the CalGen First Lien Revolving Loans (as defined in note 2).

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1 See generally the affidavit of Samuel M. Greene (attached as Exhibit C) for information supporting the factual assertions contained within this Background section.

2 More specifically, CalGen's first lien debt is comprised of (a) the $235,000,000 First Priority Secured Floating Rate Notes Due 2009, issued by CalGen and CalGen Finance pursuant to that certain first priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust FSB, as first priority trustee (the "First Priority Indenture"); (b) the $600,000,000 First Priority Secured Institutional Terms Loans Due 2009 (together with the $235,000,000 First Priority Secured Floating Rate Notes Due 2009, the "First Lien Notes"), issued by CalGen pursuant to that certain Credit and Guarantee Agreement, dated as of March 23, 2004 among CalGen, the guarantor subsidiaries of CalGen listed therein, Morgan Stanley Senior Funding, Inc., as administrative agent, sole lead arranger and sole bookrunner, and the various lenders named therein (the "First Priority Credit and Guarantee Agreement"); and (c) the $200,000,000 First Priority Revolving Loans issued on or about March 23, 2004 (the "First Lien Revolving Loans") pursuant to that Amended and Restated Agreement, among CalGen, the guarantors party thereto, the lenders party thereto, The Bank of Nova Scotia, as administrative agent, L/C Bank, lead arranger and sole bookrunner, Bayerische Landesbank, Cayman Islands Branch, as arranger and co-syndication agent, Credit Lyonnais, New York Branch, as arranger and co-syndication agent, ING Capital LLC, as arranger and co-syndication agent, Toronto Dominion (Texas) Inc., as arranger and co-syndication agent, and Union Bank of California, N.A., as arranger and co-syndication agent (the "First Priority Amended and Restated Credit Agreement").

CalGen's second lien debt is comprised of (a) the $640,000,000 Second Priority Secured Floating Rate Notes Due 2010, issued by CalGen and CalGen Finance pursuant to that certain second priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust FSB, as second priority trustee (the "Second Priority Indenture"); and (b) the $100,000,000 Second Priority Secured Term Loans Due 2010 (together with the $640,000,000 Second Priority Secured Floating Rate Notes Due 2010, the "Second Lien Notes"), issued by CalGen pursuant to that certain Credit and Guarantee Agreement, dated as of March 23, 2004, among CalGen, the guarantor subsidiaries of CalGen listed therein, Morgan Stanley Senior Funding, Inc., as administrative agent, sole lead arranger and sole bookrunner and the various lenders named therein (the "Second Priority Credit and Guarantee Agreement").

CalGen's third lien debt is comprised of (a) the $680,000,000 Third Priority Secured Floating Rate Notes Due 2011 and (b) the $150,000,000 11.5% Third Priority Secured Notes Due 2011 (together with the $680,000,000 Third Priority Secured Floating Rate Notes Due 2011, the "Third Lien Notes"), in each case issued by CalGen and CalGen Finance pursuant to that certain third priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust Company FSB, as third priority trustee (the "Third Priority Indenture").

Copies of the relevant portions of each of these agreements are attached hereto as Exhibit D.

3 Based on the weighted average spread on the CalGen Secured Debt of approximately 5.89%, and current LIBOR of approximately 5.36%, the average interest rate on the CalGen Secured Debt is approximately 11.25%.

2. Postpetition Existing DIP Facility

On December 20, 2005, Calpine and certain direct and indirect subsidiaries, including CalGen, commenced their Chapter 11 Cases before this Court. On that same date, the Debtors filed an emergency motion seeking interim and final orders authorizing them to obtain postpetition financing pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), and 364(e).[4]

The Court entered the interim financing order on December 20, 2005,[5] and the final order on January 26, 2006.[6] The latter authorized the Debtors to obtain secured postpetition financing up to the aggregate principal amount of $2 billion. The Existing DIP Facility consists of:

- A revolving commitment of up to $1,000,000,000, secured by a first priority security interest, on which the interest rate is LIBOR plus 2.25%. There are approximately $80 million in letters of credit outstanding against the revolver facility and no cash borrowings.

- A term loan commitment of up to $400,000,000, secured by a first priority security interest, on which the interest rate is LIBOR plus 2.25%. The amount outstanding under this facility is $396.5 million.

- A term loan commitment of up to $600,000,000, secured by a second priority security interest, on which the interest rate is LIBOR plus 4.00%. The amount outstanding under this facility is $600 million.

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[4] Emergency Motion for (I) Interim Orders (A) Authorizing the Debtors to (1) Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), and 364(e), (2) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, and (3) Provide Adequate Protection to Certain Prepetition Lenders Pursuant to 11 U.S.C. §§ 361, 362 and 363 and (B) Scheduling Final Hearing Pursuant to Fed. R. Bankr. P. 4001(b) and (c) and (II) Final Orders (A) Authorizing the Debtors to (1) Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), and 364(e), (2) Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (3) Provide Adequate Protection to Certain Prepetition Lenders Pursuant to 11 U.S.C. §§ 361, 362 and 363, (3) Assume the Geysers Agreement Pursuant to 11 U.S.C. § 365(a) and Consummate the Transactions Contemplated Thereby Pursuant to § 363(b) and (4) Assume the Agnews Lease Documents Pursuant to 11 U.S.C. § 365(a), entered on December 20, 2005 [Docket No. 18].

[5] Interim Order (I) Authorizing Debtors to Obtain Post-Petition Financing Pursuant To 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), and 364(e) And (II) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(B) And (C) [Docket No. 38].

[6] Final Order Authorizing Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), and 364(e) [Docket No. 635] (the "Existing DIP Order").

In sum, the amount drawn on the Existing DIP Facility is $996.5 million, on which the weighted average interest rate is approximately 8.66%.[7]

The Existing DIP Facility is set to expire at the earliest of: (a) December 20, 2007, (b) the effective date of a plan or reorganization pursuant to a confirmation order of the Court, or (c) the acceleration of the loans in accordance with the Existing DIP Credit Agreement.

3. Debtors' Adequate Protection Payments to CalGen Lenders

On February 26, 2006, the Court entered the Second Amended Final Order Authorizing Use of Cash Collateral and Granting Adequate Protection [Docket No. 881] (the "Cash Collateral Order"). The Cash Collateral Order provides that the Debtors shall pay to the CalGen Lenders, as adequate protection, all accrued but unpaid interest and fees at the non-default contract rates (although no principal payments on the CalGen Secured Debt shall be paid pending further order of the court) on either a quarterly or semi-annual basis, and the reasonable fees and expenses of the CalGen Lenders' counsel and other consultants. Id. ¶ 17(a).

[7] Based on the weighted average spread on the currently outstanding amounts under the Existing DIP Facility of approximately 3.30% and current LIBOR of approximately 5.36%, the weighted average interest rate on the Existing DIP Facility is approximately 8.66%.

Since their Chapter 11 filing, the Debtors have paid over $270 million in adequate protection to the CalGen Lenders.[8] In addition, through January 4, 2007, the Debtors have paid more than $5 million in professional fees to nearly a dozen law firms, financial advisors, and other consultants retained by the CalGen Lenders.[9]

4. CalGen Lenders' Proofs of Claim

On July 26, 2006, The Bank of Nova Scotia, as administrative agent for the CalGen First Lien Revolving Loans, filed a proof of claim ("Claim 2664") against CalGen for approximately $313 million.[10] The claim includes certain "unliquidated" amounts. Annex to Claim 2664 at 5-6.

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[8] To date, the Debtors have paid to the CalGen Lenders: (a) $92,513,681.86 on all three tranches of debt on April 1, 2006; (b) $38,284,681.72 to holders of first and second priority debt on July 1, 2006; (c) $99,818,708.23 on all three tranches of debt on October 1, 2006; and (d) $43,247,813.48 to holders of first and second priority debt on January 2, 2007.

[9] More specifically, the CalGen Lenders' multitude of professionals in these Chapter 11 Cases are as follows:

CalGen Collateral Agent	
Nixon Peabody LLP	Counsel
Mesirow Financial	Financial Advisor
Peter J. Solomon Company	Financial Advisor
Morgan Stanley Senior Funding, Inc. (Administrative Agent for certain First and Second Priority Noteholders)	
Milbank, Tweed, Hadley & McCloy LLP	Counsel
CalGen First Priority Noteholders	
Wachtell Lipton Rosen & Katz	Counsel
CalGen Second Priority Noteholders	
HSBC Bank USA, N.A.	Trustee
Ropes & Gray LLP	Counsel
Giuliani Capital Advisors LLC	Financial Advisor
CalGen Third Priority Noteholders	
Weil Gotshal & Manges LLP	Counsel
Young Conaway Stargatt & Taylor LLP	Counsel
Capstone Advisory Group LLC	Financial Advisor

[10] The Bank of Nova Scotia, as administrative agent for the CalGen First Lien Revolving Loans, also filed proofs of claim against various other Debtors as guarantors of the CalGen First Lien Revolving Loans. See Claim Nos. 2626 through 2663 (inclusive), 2665.

On July 28, 2006, Wilmington Trust FSB, as indenture trustee for the CalGen First Lien Notes, filed a proof of claim ("Claim 3396") against CalGen in the amount of $235 million.[11] Claim 3396 specifies that it includes additional unliquidated amounts. Specifically, the indenture trustee is seeking "interest, charges, make whole amounts, penalties, premiums, and advances which may be due or become due under the Securities and the CalGen First Priority Indenture." Addendum to Claim 3396 at 4.

On July 28, 2006, HSBC Bank USA, National Association, as the successor indenture trustee for the CalGen Second Lien Notes, filed a proof of claim ("Claim 3731") against CalGen and various guarantors of the CalGen Second Lien Notes in the amount of $640 million, plus amounts due under the Second Priority Indenture. Claim 3731 includes "any and all amounts due or to become due with respect to the Indenture," including "premiums" and "damages for breach of any covenant, representation, warranty or other provision of the Indenture, including, without limitation, for breach of section 3.07 of the Indenture." Attachment to Claim 3731 ¶ 2(d). Section 3.07 of the Second Priority Indenture, entitled "Optional Redemption," provides that (a) the issuers may not redeem the Second Lien Notes prior to April 1, 2008, and (b) after April 1, 2008, the issuers may redeem at the redemption price.[12]

On July 31, 2006, Manufactures and Traders Company, as successor indenture trustee for the CalGen Third Lien Notes, filed a proof of claim ("Claim 4073") against CalGen and the various guarantors of the CalGen Third Lien Notes in the amount of $830 million, plus any and

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[11] Wilmington Trust FSB, as indenture trustee for the CalGen First Lien Notes, also filed proofs of claim against various other Debtors as guarantors of the CalGen First Lien Notes. See Claim Nos. 3275, 3393 through 3421 (inclusive), 3546 through 3554 (inclusive), 3586 through 3588 (inclusive).

[12] The redemption price is expressed at percentages of the outstanding principal. For example, if the Second Lien Notes are redeemed at the option of the issuer during 2008, the redemption price is 103.5%. If the Second Lien Notes are redeemed at the option of the issuer during 2009 or thereafter, the redemption price is 100%.

all amounts due under the Third Priority Indenture. Claim 4073 includes "amounts due or to become due with respect to the Third Priority Indenture, the Third Priority Secured Notes and/or pursuant to all related and ancillary CalGen Third Priority Indenture Documents," including "premiums" and "damages for breach of any covenant, representation, warranty or other provision of the Third Priority Indenture, including, without limitation for breach of Section 3.07 of the Third Priority Indenture." Attachment to Claim 4073 ¶ 9. Section 3.07 of the Third Priority Indenture, entitled "Optional Redemption," provides that the issuers may not redeem the Third Lien Notes at any time.

On August 1, 2006, Morgan Stanley Senior Funding, Inc., as administrative agent for the CalGen First Lien Term Loans and the administrative agent for the CalGen Second Lien Term Loans, filed proofs of claim against CalGen.[13] The proof of claim ("Claim 5691") filed against CalGen on account of the CalGen First Lien Term Loans asserts a claim in the amount of at least $610,277,751.67. The proof of claim ("Claim 5692") filed against CalGen on account of the CalGen Second Lien Term Loans asserts a claim in the amount of at least $102,151,847.50. Both claims assert the "Debtors are liable to the Claimants for any and all defaults and breaches of the representations, warranties, covenants, and other obligations and duties set forth in the Prepetition Loan Documents." Annex to Claim 5691 ¶ 18; Annex to Claim 5692 ¶ 18.

5. Solicitation and Negotiation of the Replacement DIP Facility

On October 6, 2006, in light of the favorable conditions of the capital markets (as described further below), and the Debtors' continued desire to improve cash flow, Miller Buckfire & Co. ("Miller Buckfire") distributed, on the Debtors' behalf, a request for proposal (the "RFP") for

[13] Morgan Stanley Senior Funding, Inc., as administrative agent, also filed proofs of claim against various other Debtors as guarantors of the CalGen First Lien Term Loans—see Claim Nos. 5653 through 5690 (inclusive), 5792—and CalGen Second Lien Term Loans. See Claim Nos. 5693 through 5730 (inclusive), 5791.

a possible refinancing to nine potential lenders: Credit Suisse, Goldman Sachs, JP Morgan, Deutsche Bank, Citigroup, General Electric, Morgan Stanley, Barclays Capital and Merrill Lynch (collectively, the "Potential Replacement DIP Lenders"). The RFP specified that the Debtors were seeking proposals for a new debtor in possession financing facility to amend or replace their Existing DIP Facility. The proposals had to include the following options: (a) an extension of the maturity of the Existing DIP Facility beyond December 31, 2007; (b) the ability to convert the debtor in possession financing into an exit facility at the Debtors' option; and (c) the ability to expand the size of the facility at or subsequent to closing in order to refinance certain prepetition debt.

On or around October 16, 2006, the Debtors received initial responses to the RFP from each of the Potential Replacement DIP Lenders. During the following week, the Debtors and Miller Buckfire held discussions with the Potential Replacement DIP Lenders to explore the proposals further.

Following the enthusiastic but varied reception to the RFP, the Debtors identified the most favorable terms from each of the Potential Replacement DIP Lenders' responses and drafted an indicative term sheet that set forth the key terms the Debtors required to pursue a refinancing transaction. On October 24, 2006, Miller Buckfire distributed the indicative term sheet to each of the Potential Replacement DIP Lenders and requested final, binding commitment letters in return. More specifically, the Debtors' prerequisites included the following terms: (a) a $5 billion replacement facility, comprised of a $1 billion revolver and $4 billion term loans, subject to expansion; (b) an initial term of two years and, if the Debtors opt to convert the proposed replacement facility into exit financing, a total term of seven years; and (c) authorization for the Debtors to use the proceeds of the proposed replacement facility to refinance the Existing DIP Facility, repay the CalGen Secured Debt, and for general corporate purposes.

Over the ensuing weeks, the Debtors provided due diligence information to the Potential Replacement DIP Lenders, including financial models and budgets. On or around November 13, 2006, the Debtors received final commitment letters from seven of the nine Potential Replacement DIP Lenders and began negotiations with each.

6. Terms of the Replacement DIP Facility

On or around December 11, 2006, the Debtors selected Credit Suisse, Goldman Sachs, JP Morgan, and Deutsche Bank as the joint lead arrangers (the "Replacement DIP Joint Lead Arrangers") based on, inter alia, the Replacement DIP Joint Lead Arrangers' familiarity with Calpine and its subsidiaries, the attractiveness of the terms that they proposed, and the Debtors' confidence in the ability of the Replacement DIP Joint Lead Arrangers to execute a transaction of this size and complexity.

The key terms of the Replacement DIP Facility are summarized below.[14]

Borrower	Calpine Corporation.
Guarantors	Debtors that are guarantors of the Existing DIP Facility, subject to certain exceptions.
Facilities	A $5.0 billion facility comprised of (a) a $4.0 billion secured first priority term loan facility (the "Term Facility"), and (b) a $1.0 billion secured first priority revolving credit facility (the "Revolving Facility"), including a letter of credit subfacility of up to $550 million.
Purpose	The proceeds shall be used

[14] Attached to this Motion are the relevant documents supporting the Proposed Refinancing: the Revolving Credit, Term Loan, and Guarantee Agreement (Exhibit E), and the Summary of Terms and Conditions (and attached Commitment Letter) (Exhibit F). The relevant Fee Letter will be filed with the Court shortly pursuant to a motion to seal. The summary of terms set forth in this Motion are intended as an overview—the terms of the Summary of Terms and Conditions govern in the event of a discrepancy. Also, defined terms used but not defined in the following table have the meaning ascribed to them in the Summary of Terms and Conditions.

<table>
<tr><td></td><td>(a) to refinance the Existing DIP Facilities,

(b) to repay the CalGen Secured Debt, and

(c) for working capital and other general corporate purposes.</td></tr>
<tr><td>Maturity</td><td>The earlier of

(a) the effective date of a confirmed plan of reorganization (the "Effective Date"), and

(b) the second anniversary of the Closing Date.

If the Facilities are converted to an exit facility, the final maturity will be seven (7) years from the Closing Date.</td></tr>
<tr><td>Amortization</td><td>1% per year on the Term Facility, payable quarterly.</td></tr>
<tr><td>Voluntary Prepayment Penalty</td><td>None.</td></tr>
<tr><td>Interest Rates[15]</td><td>LIBOR plus the Applicable Margin, based on the ratings of the Replacement DIP Facility on the closing date:
<table><tr><th>S&P/Moody's Ratings</th><th>Applicable Margin</th></tr><tr><td>BB-/Ba3
(with stable outlook)</td><td>2.00%</td></tr><tr><td>B+/B1
(with stable outlook)</td><td>2.25%</td></tr><tr><td>B/B2
(with stable outlook)</td><td>2.75%</td></tr><tr><td>B-/B3 or lower</td><td>3.50%</td></tr></table>After the Conversion Date, the Applicable Margin will be determined based on Calpine's corporate credit rating and the Applicable Margin for the Revolving Facility shall be determined pursuant to a pricing grid to be agreed upon.</td></tr>
</table>

[15] As is industry standard, pursuant to a confidential letter agreement between the Debtors and the Replacement DIP Joint Lead Arrangers, the latter may "flex" these or certain other terms of the Replacement DIP Facility in order to successfully syndicate the Replacement DIP Facility. "Flex" includes the ability, within a narrow band, to adjust pricing for the Replacement DIP Facility. Because of the extremely sensitive nature of this information, and to prevent any flex from becoming a self-fulfilling prophecy at the Debtors' expense, the confidential letter agreement will not be filed with this Motion.

Revolver Commitment Fees	0.50% per annum.
Default Interest	The applicable interest rate plus 2.0% per annum.
Financial Covenants	Prior to the Conversion Date, covenants generally consistent with the Existing DIP Facilities, subject to certain modifications as may be agreed upon. After the Conversion Date, usual and customary financial covenants, including (a) minimum interest coverage ratios; (b) maximum ratios of the Facilities Debt to EBITDA; and (c) maximum ratios of Total Net Debt to EBITDA, in each case to be agreed upon.
Liens	Liens structure similar to that granted under the Existing DIP Facilities plus first priority liens on all property presently securing the CalGen Secured Debt, upon repayment thereof, subject to certain exceptions.
Ability to Secure Hedging Obligations	The Loan Parties shall be permitted to grant first priority liens in the property securing the obligations under the Facilities to secure obligations under "right way risk" transactions and/or commodity or interest rate hedging contracts (the "Hedging Obligations"). Such liens will rank *pari passu* with the first priority liens granted to secure the obligations under the Facilities.
Incremental Term Facility	Calpine may expand the Facilities by up to $2.0 billion in order to refinance secured project debt or project preferred securities, subject to certain restrictions, terms and conditions.
Exit Conditions	The following key conditions must be satisfied in order to convert to an exit facility: (a) the occurrence of the Effective Date, (b) the Borrower shall have obtained corporate credit ratings and ratings on the Facility from S&P and Moody's, (c) the Agent shall have received five-year projections from the Effective Date demonstrating *pro forma* covenant compliance and certain other *pro forma* financial statements and reports, (d) the Debtors shall have at least $250 million in liquidity, and (e) compliance with all financial covenants and no event of

	default on a *pro forma* basis after giving effect to the occurrence of the Effective Date.

7. Benefits of Proposed Refinancing

The advantages to the Debtors and their estates by executing the Proposed Refinancing are numerous.

(a) Savings and Liquidity

The Debtors expect to realize approximately $100 million in annual savings as a result of using the lower interest rate Replacement DIP Facility funds to refinance the higher interest rate Existing DIP Facility and to repay the higher interest rate CalGen Secured Debt. More specifically, through the Replacement DIP Facility, the Debtors seek to borrow $5.0 billion at an interest rate of 7.61%.[16] Therefore:

- using 7.61% Replacement DIP Facility funds to refinancing $2.0 billion of 8.66% Existing DIP Facility funds will save the Debtors approximately $11 million annually; and
- using 7.61% Replacement DIP Facility funds to repay $2.516 billion of 11.25% CalGen Secured Debt will save the Debtors approximately $92 million annually.

In addition, the Debtors expect to save another approximately $5 million per year by being released of the burden of payment of the CalGen Lenders' professionals fees.

Another attractive component of the Replacement DIP Facility is the ability to grant security in respect of Hedging Obligations (as described in the summary of terms above, "Hedging Liens"), an ability which is not permitted under the Existing DIP Facility. Currently, the Debtors are satisfying hedging collateral requirements by posting cash and, to a lesser degree, letters of

[16] This interest rate is based on current LIBOR of 5.36% and assumes Calpine obtains a B+/B1 rating on the Replacement DIP Facility in connection with the Proposed Refinancing. Note that the Existing DIP Facility is currently rated BB-/Ba3. In the event that the Replacement DIP Facility is also rated BB-/Ba3, the Debtors would realize approximately $10 million in additional annual interest savings from the Proposed Refinancing.

credit under the Existing DIP Facility, both of which reduce the Debtors' corporate liquidity. Given the significant collateral requirements of forward hedging, the Debtors' participation in the commodities market is constrained. The ability for the Debtors to grant Hedging Liens is expected to both mitigate the cash collateral requirements of forward hedging and increase the universe of counter-parties willing to transact with the Debtors. This should allow the Debtors to more actively participate in the commodities market and better manage the forward-risk profile of its assets without unduly constraining corporate liquidity. Further, the Hedging Liens are expected to allow the Debtors to reduce the expenses incurred when hedging forward. Currently, the Debtors are charged an additional fee on most multiple-month transactions, typically in the form of a sleeve cost. This additional fee can add $0.05 - $0.50/MWh onto the cost of a transaction. By utilizing the Hedging Liens, the Debtors expect that they would not be subject to such additional fee.

Accordingly, by this Motion, the Debtors also seek authority to incur Hedging Obligations, from time to time, as administration expense obligations under Section 503(b) and, subject to the terms of the Replacement DIP Facility, to secure the Hedging Obligations with liens that are pari passu to the liens under the Replacement DIP Facility. Although the Debtors believe that they currently have the authority under Section 363(b) to incur Hedging Obligations in the ordinary course of its business, including by posting cash collateral, the Debtors believe they would benefit in the ways mentioned by having express Court approval to incur Hedging Obligations as administrative expenses, and to collateralize them as described.

(b) Exit Options

The Replacement DIP Facility will allow the Debtors flexibility as they begin to formulate a plan of reorganization because the size of the Replacement DIP Facility can be increased to allow for the repayment of other prepetition secured debt. Also, while the Debtors are not obligated to convert the Replacement DIP Facility into exit financing if circumstances change,

the existence of the option to convert the Replacement DIP Facility to an exit financing mitigates the time required to source exit financing and gives the Debtors a more stable basis from which to develop and negotiate a reorganization plan. Also, by repaying the CalGen Secured Debt with Replacement DIP Facility funds, the Debtors are increasing their ability to effectuate their emergence from the Chapter 11 Cases, as they will have seven fewer tranches of debt (representing at least three separate classes for voting purposes) and significantly fewer constituents and professionals with whom to negotiate.

Another advantage to the Replacement DIP Facility is that it extends the Debtors' postpetition financing beyond December 31, 2007, the date on which the Existing DIP Facility terminates. The Replacement DIP Facility therefore relieves pressure on the Debtors to refinance or amend the Existing DIP Facility to extend its maturity, something the Debtors would need to explore in the near future absent the Proposed Refinancing to prepare for the possibility they may not have emerged from Chapter 11 by the end of 2007.

(c) Timeliness

Finally, described generally, the capital markets are currently ripe for the Proposed Refinancing. New issuance volumes for leveraged loans are at record highs ($480 billion in 2006) while default rates are at record lows (0.48% by principal amount and 0.79% by number of loans in 2006). As a result, interest rate spreads for B and BB-rated issuances also reached their lowest levels since 1998 during 2006 and remain near those lows today. Moreover, the continued healthy demand for new issues allows borrowers to obtain key structural benefits within the governing covenants.

But there is no guarantee, of course, that these favorable conditions will continue indefinitely. Unsurprisingly, lenders generally will not agree to underwrite financing deals based on current market factors and then hold those commitments in place without regard for evolving

circumstances. The Proposed Refinancing, which expires on March 30, 2007, allows the Debtors to capitalize on these presently-available benefits—and to do so at an ideal stage of their Chapter 11 Cases.

RELIEF REQUESTED

The Debtors respectfully request that this Court: (I) approve the Replacement DIP Facility for the purposes of allowing the Debtors to (A) refinance their Existing DIP Facility and (B) repay the CalGen Secured Debt; (II) determine the value of the CalGen Claims[17] and (III) allow the Debtors' limited objection to the CalGen Claims.

BASIS FOR RELIEF

I. The Replacement DIP Facility Should Be Approved.

Section 364 of the Bankruptcy Code "provides bankruptcy courts with the power to authorize post-petition financing for a Chapter 11 debtor-in-possession." In re Defender Drug Stores, Inc., 126 B.R. 76, 81 (Bankr. D. Ariz. 1991) (citing 11 U.S.C. § 364). "Having recognized the natural reluctance of lenders to extend credit to a company in bankruptcy, Congress designed [section] 364 to provide 'incentives to the creditor to extend post-petition credit.'" Id. (citation omitted). The Existing DIP Facility was approved under section 364(c), and given that the Replacement DIP Facility provides the same security interests and liens, approval of the Replacement DIP Facility under section 364(c) likewise is merited. See In re Delphi Corp., No. 05-44481 (Bankr. S.D.N.Y. Jan. 5, 2007) [Docket No. 6461] (determining that the debtor is entitled to

[17] For the purposes of this Motion, the "CalGen Claims" include claim numbers 2626 through 2665 (inclusive), 3275, 3393 through 3421 (inclusive), 3546 through 3554 (inclusive), 3586 through 3588 (inclusive), 3731, 4073, 5653 through 5730 (inclusive), 5791, and 5792. The CalGen Claims are listed on Exhibit H attached hereto. For the sake of convenience, the Debtors will refer to claims 2664, 3396, 3731, 4073, 5691 and 5692 that were filed against CalGen, rather than list all of the CalGen Claims in the Motion.

replacement postpetition financing under section 364(c) of the Bankruptcy Code because this provision applied when authorizing debtor's existing postpetition financing).

A. The Replacement DIP Facility Is Appropriate Under Section 364(c) of the Bankruptcy Code.

Section 364(c) of the Bankruptcy Code establishes the conditions under which debtors may obtain certain types of secured credit. More specifically, section 364(c) provides, in relevant part:

> If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt--
>
> > (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title;
> >
> > (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or
> >
> > (3) secured by a junior lien on property of the estate that is subject to a lien.

11 U.S.C. § 364(c).

Bankruptcy Courts typically apply a three-part test to determine whether to approve a debtor's proposed secured financing under section 364(c). The debtor must demonstrate that (1) it cannot obtain unsecured credit under section 364(b), (2) the credit transaction is necessary to preserve the assets of the estate, and (3) the terms of the transaction are fair, reasonable and adequate given the particular circumstances of the debtor and the proposed lender. See In re Ames Dep't Stores, Inc., 115 B.R. 34, 37-39 (Bankr. S.D.N.Y. 1990) ("[A]lthough a debtor is not required to seek credit from every possible source, a debtor must show that it has made reasonable efforts to seek other sources of credit available under section 364(a) & (b).").

In evaluating these factors, courts will look to the facts and circumstances of a debtor's case and accord considerable weight to the benefits that a postpetition financing will provide to the estate. Id. at 39. A debtor generally is permitted to exercise its business judgment in

making the decision to obtain financing. See Group of Institutional Investors v. Chicago Milwaukee St. Paul & Pac. R.R. Co., 318 U.S. 523, 550 (1943); In re Crowthers McCall Pattern, Inc., 114 B.R. 877, 888 (Bankr. S.D.N.Y. 1990). Bankruptcy Courts will defer to such business judgment, unless arbitrary or capricious, and will not second-guess decisions made within the scope of the debtor's authority under the Bankruptcy Code. See In re Curlew Valley Assocs., 14 B.R. 506, 511-14 (Bankr. D. Utah 1981).

1. The Debtors Could Not Obtain Postpetition Financing on an Unsecured Basis.

As with the Existing DIP Facility, the Debtors could not obtain on an unsecured basis a replacement DIP facility with the terms and of the type and magnitude required in these Chapter 11 Cases. As described above, the Debtors solicited replacement financing from nine major potential lenders and none was willing to make a postpetition loan on an unsecured basis.

To show that the postpetition financing required is not available on an unsecured basis, a debtor need only demonstrate "by a good faith effort that credit was not available" without the protections afforded by section 364(c) of the Bankruptcy Code. See In re Snowshoe Co., 789 F.2d 1085, 1088 (4th Cir. 1986). The Debtors' efforts to obtain postpetition financing from a large group of sophisticated lending institutions satisfy the statutory requirement of section 364(c) of the Bankruptcy Code. See, e.g., Ames Dep't Stores, 115 B.R. at 40 (finding that the debtors' discussions with four large lending institutions was a reasonable effort to seek other sources of credit).

2. The Replacement DIP Facility is Necessary to Preserve the Assets of the Debtors' Estates.

The Replacement DIP Facility will allow the Debtors to realize significant interest savings. The weighted average interest rate of the currently outstanding amounts under the Existing DIP Facility is 8.66%. The interest rate of the Replacement DIP Facility is approximately 7.61%;

thus, using "cheaper" Replacement DIP Facility funds to refinance the Existing DIP Facility will lower the Debtors' annual postpetition financing costs by approximately $11 million annually. Furthermore, the weighted average interest rate of the CalGen Secured Debt is 11.25%. If the Debtors are authorized to use 7.61% Replacement DIP Facility funds to repay the CalGen Secured Debt, the Proposed Refinancing will result in an additional $92 million of annual savings.

Furthermore, the pressure on the Debtors to secure exit financing is relieved because the Replacement DIP Facility's terms includes the ability to "rollover" the Facility into an exit financing at specified interest rates based upon Calpine's corporate credit rating. This key provision allows the Debtors to "lock in" favorable interest rates, but with no obligation to convert the Replacement DIP Facility into an exit financing if circumstances change. In addition, the Replacement DIP Facility extends the Debtors' postpetition financing beyond the December 20, 2007 maturity date of the Existing DIP Facility.

In sum, the Debtors believe the Replacement DIP Facility is necessary to preserve estate value because it provides substantial cost savings, as well long-term flexibility and security.

3. The Terms of the DIP Financing are Fair, Reasonable, and Adequate.

The Debtors, in the reasonable exercise of their business judgment, have determined that the Replacement DIP Facility is the best financing option available at this time. Negotiated at arms' length, the Replacement DIP Facility's pricing and other terms are fair, reasonable, and consistent with market practices. Courts routinely authorize similar lender incentives beyond the explicit liens and rights specified in section 364(c). See In re Delphi Corp., No. 05-44481 (Bankr. S.D.N.Y. Jan. 5, 2007) [Docket No. 6461]; In re Defender Drug Stores, 145 B.R. 312, 316 (9th Cir. B.A.P. 1992) (approving financing that included a lender "enhancement fee").

B. The Replacement DIP Facility Is Appropriate Under Section 364(d) of the Bankruptcy Code.

Section 364(d)(1) of the Bankruptcy Code provides that a Bankruptcy Court may, after notice and a hearing, authorize a debtor to obtain credit or incur debt secured by a senior or equal lien on property of the estate that is subject to a lien only if "(a) the trustee is unable to obtain credit otherwise" and "(b) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted." 11 U.S.C. § 364(d)(1).

The Debtors do not believe the Replacement DIP Facility is subject to section 364(d)(1), as the Replacement DIP Facility—like the Existing DIP Facility—does not seek to "prime" any prepetition liens. However, the Calpine Second Lien Holders may assert that the Replacement DIP Facility primes liens granted to them postpetition as adequate protection (the "Calpine Postpetition Liens"). If accepted, this argument would turn the Bankruptcy Code on its head because the Debtors would be forced to provide adequate protection on account of "priming" postpetition liens when "the purpose of adequate protection" is to ensure that a creditor "receives the value for which he bargained ***prebankruptcy***." In re Mosello, 195 B.R. 277, 288 (Bankr. S.D.N.Y. 1996) (quoting In re Swedeland Dev. Group, Inc., 16 F.3d 552, 564 (3d Cir. 1994) (emphasis added)) and adequate protection is intended to preserve a creditor's "prepetition contractual financial interests." In re Dunes Casino Hotel, 69 B.R. 784, 793-94 (Bankr. D.N.J. 1986) (noting that the adequate protection requirement was intended by Congress to preserve prepetition interests). Furthermore, the Calpine Postpetition Liens were deliberately and expressly structured as "silent" junior liens on collateral, subordinate to the Debtors' DIP Lenders. The proposed structured of the Replacement DIP Facility is meant to continue that arrangement. The

bargained-for "silent" feature of the Calpine Postpetition Liens gives the Debtors the right to enter into the Replacement DIP Facility without providing further adequate protection.[18] Nevertheless, out of an abundance of caution, the Debtors note that the Replacement DIP Facility satisfies section 364(d)(1).

1. The Debtors Could Not Obtain Postpetition Financing on an Unsecured Basis.

The first requirement of section 364(d)(1) is met because, as discussed above, the Debtors could not obtain a replacement DIP facility of the type and magnitude required in this case on an unsecured basis. As to the second requirement, under the Replacement DIP Facility, the same non-priming security interests and liens that were granted to the Existing DIP Lenders will be granted to the Replacement DIP Lenders. The Court has already determined that these security interests and liens do not prime any existing prepetition liens. Existing DIP Order ¶ 3(c).

2. The Calpine Lienholders are Adequately Protected.

Should the Debtors consummate the Proposed Refinancing, the Calpine Second Lien Holders will continue to remain adequately protected. The determination of adequate protection is a case-specific inquiry to be decided on the facts and circumstances presented. See In re Mosello, 195 B.R. at 288. The focus of such an inquiry is protecting "the secured creditor from diminution in the value of its interest." In re 495 Central Park Ave. Corp., 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992). A creditor's secured position is adequately protected if, under section 364(d)(1), the proposed postpetition financing increases the value of the creditor's collateral. See In re 495 Central Park Avenue Corp., 136 B.R. 631-32; In re Hubbard Power & Light, 202 B.R. 680, 685 (Bankr. E.D.N.Y. 1996).

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[18] The issue of the Calpine Lienholders' adequate protection is very complex, and the Debtors raise it only briefly in this subsection to preview (without belaboring) the point for the Court and relevant parties. Should this become a (Continued…)

The Calpine Postpetition Liens were granted as adequate protection to safeguard the Calpine Second Lien Holders from a diminution in the value of their collateral. The Debtors' value has only increased since the Commencement Date as a result of their restructuring efforts, which include (i) reducing annual overhead expenses by an estimated $180 million, (ii) the divestiture of underperforming and unprofitable projects realizing cash flow benefits and gross proceeds (including debt reduction) of more than $1.0 billion, (iii) the renegotiation and/or rejection of out-of-market contracts expected to increase cash flow by more than $170 million, and (iv) almost $2 million per month of interest savings related to the repayment of the Calpine First Lien Notes (as defined in Section II of this Motion).

Moreover, the Proposed Refinancing will only increase the Debtors' value further as well as enhance the Debtors' liquidity, improving their ability to make future adequate protection payments to the Calpine Second Lien Holders. In addition, the Replacement DIP Facility is expected to decrease the amount of debt that is senior to the Calpine Second Lien Holders on a net debt basis after accounting for the interest savings obtained through the Proposed Refinancing.

Furthermore, the Calpine Second Lien Holders' access to its collateral will be improved if the Debtors are authorized to repay the CalGen Secured Debt with funds borrowed from the Replacement DIP Facility. The removal of the CalGen Secured Debt will eliminate the waterfalls, covenants, and cash traps in the current CalGen Secured Debt indentures that restrict Calpine Second Lien Holders' access to cash and value from the CalGen assets. Also, the CalGen assets will no longer be subject to the security interests and liens held by the CalGen Lenders; the Calpine Second Lien Holders will, therefore, be in a much better position vis-à-vis the CalGen assets.

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contested issue, the Debtors will supplement the record as needed.

In sum, although the Debtors assert that the Replacement DIP Facility should be approved under section 364(c), the requirements of section 364(d)(1) are satisfied.

C. The Replacement DIP Facility's "Extraordinary Provisions" are Not Atypical.

Per the directives of General Order No. M-274 of the United States Bankruptcy Court for the Southern District of New York (the "General Order"), the Debtors herein disclose the following Extraordinary Provisions (as defined in the General Order) within the Replacement DIP Facility Credit Agreement:

1. The Debtors seek authority to waive the right to charge, pursuant to Section 506(c) of the Bankruptcy Code, any costs of administration of the Chapter 11 Cases against the collateral provided to the Replacement DIP Lenders. This waiver is an "Extraordinary Provision" within the meaning of section (A)(5) of the General Order.

2. The Replacement DIP Facility provides for the Replacement DIP Lenders to be provided a lien on proceeds of all causes of action, including those arising under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, "Avoidance Actions"). Granting liens on Avoidance Actions is an "Extraordinary Provision" within the meaning of section (A)(6) of the General Order.

These Extraordinary Provisions are often found in debtor-in-possession financing agreements, and the Replacement DIP Lenders would have refused to provide financing to the Debtors absent such provisions. Moreover, these Extraordinary Provisions were included in the Existing DIP Credit Agreement in substantially the same form and were approved by this Court. See Existing DIP Order at 2.

D. The Debtors' Request for Modification of Automatic Stay is Standard.

Section 362 of the Bankruptcy Code provides for an automatic stay upon the filing of a bankruptcy petition. The Replacement DIP Facility contemplates a modification of the automatic stay (to the extent applicable), to: (1) authorize, but not require, the Replacement DIP Lenders to file financing statements, deeds of trust, mortgages, or other similar documents to evidence,

validate, and perfect the Replacement DIP Lenders' security interests granted to them under the Replacement DIP Facility; (2) give the Debtors any notices provided for in the Replacement DIP Facility; (3) execute upon their security interests or exercise other remedies under the operative loan documents upon the occurrence of an event of default (as defined therein), after giving five business days' notice in writing, served by hand or facsimile upon this Court, counsel to the Debtors, counsel for the Official Committee of Unsecured Creditors, counsel for the Official Committee of Equity Security Holders, and the United States Trustee; and (4) take such other actions required under the Replacement DIP Facility Credit Agreement. Stay modifications of this kind are ordinary and standard features of postpetition debtor-in-possession financing facilities and, in the Debtors' business judgment, are reasonable under the present circumstances.

E. The Replacement DIP Facility Should Be Accorded The Benefits Of Section 364(e) of the Bankruptcy Code.

No consideration is being provided to any party to, or guarantor of, obligations arising under the Replacement DIP Facility, other than as disclosed in the Term Sheet and Fee Letter. The terms and conditions of the Replacement DIP Facility are fair and reasonable, and were negotiated by the parties in good faith and at arm's length. Accordingly, the Replacement DIP Facility should be accorded the benefits of section 364(e).

II. The Debtors Should be Permitted to Use Replacement DIP Facility Funds to Refinance the Existing DIP Facility and to Repay CalGen Secured Debt.

As part of the Proposed Refinancing, the Debtors also seek approval to use those funds primarily for two purposes: to refinance the Existing DIP Facility and to repay the CalGen Secured Debt. For the following reasons, the Debtors assert that both contemplated actions are authorized by the Bankruptcy Code, controlling caselaw, and the parties' governing agreements.

A. Refinancing the Existing DIP Facility is an Appropriate Use of Replacement DIP Facility Funds.

The refinancing of the Existing DIP Facility is permitted under the relevant transaction documents. Specifically, section 2.16 of the Existing DIP Credit Agreement allows the Debtors to repay the Existing DIP Facility, in whole or in part, at any time. Importantly, Credit Suisse and Deutsche Bank, joint administrative agents and joint syndication agents for the Existing DIP Facility, are Joint Lead Arrangers for the Replacement DIP Facility, and the Debtors do not anticipate that any of the Existing DIP Lenders will object to the Proposed Refinancing.

Moreover, the Debtors' request to refinance the Existing DIP Facility is not uncommon. Notably, in the Chapter 11 proceedings of Delphi Corporation, also ongoing in the Southern District of New York, the Court very recently approved the debtors' request to obtain a replacement DIP facility (of similar size, $4.5 billion) to be used in part to refinance an existing DIP facility (also of similar size, $2.0 billion). In re Delphi Corp., No. 05-44481 (Bankr. S.D.N.Y. Jan. 5, 2007) [Docket No. 6461]; see also In re EaglePicher Holdings, Inc., No. 05-12601 (Bankr. S.D. Ohio Nov. 29, 2005) [Docket No. 1238] (authorizing new secured postpetition financing and its use to refinance existing prepetition financing).

B. Repaying the CalGen Secured Debt is an Appropriate Use of Replacement DIP Facility Funds.

1. Repaying the CalGen Secured Debt is Demonstrably in the Debtors' Best Interests.

As described above, the Debtors are currently paying a weighted interest rate of 11.25% on approximately $2.516 billion of outstanding CalGen Secured Debt. Accordingly, the Debtors' annual interest payments on the CalGen Secured Debt are approximately $283 million, making the CalGen Secured Debt the largest interest obligation within the Debtors' entire organizational structure. By repaying the CalGen Secured Debt with Replacement DIP Facility funds—which have a significantly lower interest rate of 7.61%—the Debtors can reduce their

interest payments on CalGen's financing by approximately one-third, and save approximately $92 million annually.

In addition, since their Chapter 11 filing the Debtors have paid approximately $5 million in fees to the CalGen Lenders' professionals. Repayment of the CalGen Secured Debt will discontinue the Debtors' obligation to pay these expenses and reduce the administrative burden on the Debtors to track and process these bills on a regular basis.

Finally, by repaying the CalGen Secured Debt, the Debtors are increasing their ability to effectuate their emergence from the Chapter 11 Cases, as they will have seven fewer tranches of debt (representing at least three separate classes for voting purposes) and significantly fewer constituents (and their retinue of professional advisers) with whom to negotiate.

2. Repaying the CalGen Secured Debt is Authorized by Sections 363(b) and 105(a) of the Bankruptcy Code.

Section 363(b)(1) provides that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). The Second Circuit has held that a judge "determining a § 363(b) application" must "expressly find from the evidence presented before him at the hearing ***a good business reason*** to grant such an application." In re Chateaugay Corp., 973 F.2d 141, 143 (2d Cir. 1992) (quoting In re Lionel Corp., 722 F.2d 1063, 1071 (2d Cir. 1983)) (emphasis added). Nonetheless, "[s]ection 363(b) gives the court broad flexibility in tailoring its orders to meet a wide variety of circumstances." In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989); see also Lionel, 722 F.2d at 1071 (2d Cir. 1983) (noting the "various policy considerations" underlying section 363(b) include "the notion that a bankruptcy judge must not be shackled with unnecessarily rigid rules when exercising the undoubtedly broad administrative power granted him under the Code").

Under section 105(a), bankruptcy courts have the power to "issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). "Thus, the Bankruptcy Court's equitable powers [under section 105] may be used to effectuate the purposes of Chapter 11, which include the 'restructuring of a business' finances to enable it to operate productively, provide jobs for its employees, pay its creditors and produce a return for its stockholders.'" Ionosphere Clubs, 98 B.R. at 177 (quoting H.R. Rep. No. 595 95th Cong. 1st Sess. 16 (1977) U.S. Code Cong. & Admin. Code 1978, pp. 5787, 5963, 5977).

3. Repaying the CalGen Secured Debt is Authorized by Controlling Precedent.

The proposed repayment of the CalGen Secured Debt is further supported by the Debtors' similar repayment of the outstanding principal and interest of their first lien prepetition secured debt, which this Court approved on May 10, 2006. See Order Authorizing Repayment of Principal of First Lien Debt [Docket No. 1542] (the "Repayment Order").

Described generally, the Debtors moved, pursuant to Sections 363(b) and 105(a), to repay approximately $646.11 million of 9.625% First Priority Senior Secured Notes Due 2014 (the "Calpine First Lien Notes") with funds from two sources: asset-sale proceeds that were being held in a control account and Existing DIP Facility funds. The asset-sale proceeds were earning interest in the control account at a rate of 4.42% while the Debtors were paying interest on the Calpine First Lien Notes at a rate of 9.625%. As a result of this differential, the Debtors were losing approximately $1.65 million per month. The interest rate on the Existing DIP Facility (approximately 7.9% at that time) also was lower than the interest rate on the Calpine First Lien Notes, costing the Debtors an additional $310,000 per month. Finally, the Debtors also sought to discontinue paying the professionals' fees of the holders of the Calpine First Lien Notes, which would save another approximately $350,000 per month.

On May 10, 2006, this Court entered the Repayment Order authorizing the Debtors to repay the outstanding principal and interest of the Calpine First Lien Notes. More specifically, the Court found that the repayment of prepetition secured debt was "highly appropriate" for the Debtors to stop "hemorrhaging" cash. 5/10/06 Tr. at 82. Continued losses due to the "interest rate differential and these administration expenses are somewhat, to put it charitably, not in the best interests of the estate and under Section 363, [repayment] offers the appropriate use of cash." Id. at 83. Furthermore, "to the extent [Section] 105 applies here, to back stop that, I do find it appropriate for the Debtor[s] and those creditors of the estate to receive those payments at this particular point in time." Id.

The indenture trustee for the Calpine First Lien Notes appealed the Repayment Order, but the Southern District of New York recently affirmed this Court's decision. Law Debenture Trust Co. of New York v. Calpine Corp. (In re Calpine Corp.), __ F. Supp. 2d __, 2007 WL 57879 (S.D.N.Y. Jan. 9, 2007). In fact, the District Court expressly endorsed the statutory framework and holding of the Repayment Order, concluding: "[i]t is undisputed that the repayment of the outstanding principal of the Notes stopped the unnecessary loss of funds from Debtors' estates. Accordingly, Judge Lifland's granting of Debtors' Repayment Motion was an appropriate use of cash under sections 363(b) and 105(a)." Id. at *8.

Yet additional support for the Debtors' proposed repayment of the CalGen Secured Debt is found in the Delphi Corporation Chapter 11 proceedings. As noted throughout this Motion, the Court recently authorized Delphi to obtain approximately $4.5 billion in replacement debtor-in-possession financing to be used, in part, to repay approximately $2.5 billion of prepetition secured debt with higher rates, thus allowing the Delphi debtors "to reduce their cost of financing.". See In re Delphi Corp., No. 05-44481, *5 (Bankr. S.D.N.Y. Jan. 5, 2007) [Docket No. 6461]

In sum, the Debtors' request to repay CalGen Secured Debt is no different (in any material respect) from the repayments at issue earlier in these Chapter 11 Cases or in Delphi's Chapter 11 case. It cannot seriously be disputed that the repayment of the CalGen Secured Debt will stop the unnecessary loss of funds from the Debtors' estates; therefore, using Replacement DIP Facility funds to do so is an appropriate use of cash under Sections 363(b) and 105(a).

4. Any "No-Call" Objections Raised by the CalGen Lenders Cannot Be Sustained.

As explained above, see supra note 2, there are seven tranches of CalGen Secured Debt. (Please note also that attached hereto as Exhibit G is a chart that summarizes the various series of the CalGen Secured Debt and relevant contractual language, and may be a particularly useful resource for the issues addressed in the remainder of this Motion.) Six of the seven tranches contain prepayment prohibitions, or so-called "no-call" clauses that purport to bar repayment of the debt within certain time periods.[19] More specifically:

- $235,000,000 First Priority Secured Floating Rate Notes Due 2009. Section 3.07 of the First Priority Indenture, entitled "Optional Redemption," states that the "Issuers may not redeem all or any part of the Notes prior to April 1, 2007."

- $600,000,000 First Priority Secured Institutional Term Loans Due 2009. Section 2.10 of the First Priority Credit and Guarantee Agreement, entitled "Voluntary Prepayments," states that the First Lien Term Loans "may not be voluntarily prepaid at any time on or prior to April 1, 2007."

- $640,000,000 Second Priority Secured Floating Rate Notes Due 2010. Section 3.07 of the Second Priority Indenture, entitled "Optional Redemption," states that the "Issuers may not redeem all or any part of the Notes prior to April 1, 2008."

- $100,000,000 Second Priority Secured Institutional Term Loans Due 2010. Section 2.10 of the Second Priority Credit and Guarantee Agreement, entitled "Voluntary

[19] For the seventh tranche, the $200,000,000 First Priority Secured Revolving Loans, Section 2.1.10 of the First Priority Amended and Restated Credit Agreement provides that "[t]he Borrower may voluntarily prepay (without premium or penalty) Revolving Loans on any Business Day, in whole or in part, in an aggregate minimum amount of $2,000,000 and integral multiples of $500,000 (or the remaining amount outstanding) in excess of that amount."

Prepayments," states that the Second Lien Term Loans "may not be voluntarily prepaid at any time on or prior to April 1, 2008."

- $680,000,000 Third Priority Secured Floating Rate Notes Due 2011. Section 3.07 of the Third Priority Indenture, entitled "Optional Redemption," states that the "Notes are not redeemable at the option of the Issuers."

- $150,000,000 11.5% Third Priority Secured Notes Due 2011. Section 3.07 of the Third Priority Indenture, entitled "Optional Redemption," states that the "Notes are not redeemable at the option of the Issuers."

Notwithstanding any arguments by the CalGen Lenders to the contrary, the above prepayment prohibitions do not preclude the Debtors from repaying the CalGen Secured Debt at this time. As the titles of the no-call clauses make clear, the provisions apply to an "optional redemption" or "voluntary prepayment" of the notes. But the Debtors' proposed repayment is neither optional nor voluntary, because, under the express terms of the same indentures that contain the no-call clauses, all of the outstanding CalGen Secured Debt is accelerated, which means it is due and payable immediately:

- $235,000,000 First Priority Secured Floating Rate Notes Due 2009. Section 6.01 of the First Priority Indenture, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 6.02, entitled "Acceleration," provides that "[i]n the case of an Event of Default [due to bankruptcy] . . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice." (Emphasis added).

- $600,000,000 First Priority Secured Institutional Term Loans Due 2009. Section 7.01 of the First Priority Credit and Guarantee Agreement, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 7.02, entitled "Acceleration," provides that "[i]n the case of any Event of Default [due to bankruptcy] . . . with respect to the Borrower or any of its Subsidiaries, the outstanding First Priority Term Loans shall become ***due and payable immediately*** without further action or notice." (Emphasis added).

- $640,000,000 Second Priority Secured Floating Rate Notes Due 2010. Section 6.01 of the Second Priority Indenture, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 6.02, entitled "Acceleration," provides that "[i]n the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice." (Emphasis added).

- $100,000,000 Second Priority Secured Institutional Term Loans Due 2010. Section 7.01 of the Second Priority Credit and Guarantee Agreement, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 7.02, entitled "Acceleration," provides that "[i]n the case of any Event of Default [due to bankruptcy] . . . with respect to the Borrower or any of its Subsidiaries, the outstanding Second Priority Term Loans shall become ***due and payable immediately*** without further action or notice." (Emphasis added).

- $680,000,000 Third Priority Secured Floating Rate Notes Due 2011. Section 6.01 of the Third Priority Indenture, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 6.02, entitled "Acceleration," provides that "[i]n the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice." (Emphasis added).

- $150,000,000 11.5% Third Priority Secured Notes Due 2011. Section 6.01 of the Third Priority Indenture, entitled "Events of Default," provides that commencing a voluntary bankruptcy case is an Event of Default. Section 6.02, entitled "Acceleration," provides that "[i]n the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice." (Emphasis added).

Put simply, the Debtors' commencement of their Chapter 11 Cases constituted an Event of Default, thus all outstanding CalGen Secured Debt is due and payable immediately. When read together, the "optional repayment/voluntary redemption," "events of default," and "acceleration" clauses indicate that the no-call periods are inapplicable once an event of default has occurred and the notes have been accelerated. As a textual matter, none of the relevant acceleration clauses contains any sort of caveat for a no-call period; e.g., that in the case of an event of default all outstanding notes shall become due and payable immediately (but only after April 1, 2007). Likewise, a practical matter, it is manifestly illogical, to say the least, for notes to be "due and payable immediately" while at the same barred from repayment until a specified future date. Indeed, in the specific context of the Third Priority Indenture—which absolutely bars any repayment of the notes prior to their maturity date (2011)—to assume the prepayment prohibition applies even though the Debtors have commenced their Chapter 11 Cases results in an especially

absurd situation where the Third Priority Notes are due and payable immediately but the Debtors cannot repay them for another four years.

Not only is the Debtors' reading of the CalGen Secured Debt indentures—i.e., the repayment of accelerated debt is not optional or voluntary—the most commonsensical, it also is correct as a matter of law. It is axiomatic that debt is automatically accelerated upon the filing of a bankruptcy case. See, e.g., In re Manville Forest Products Corp., 43 B.R. 293, 297 (Bankr. S.D.N.Y. 1984). And "acceleration, by definition, advances the maturity date of the debt so that payment thereafter is not prepayment but instead is payment made after maturity." In re LHD Realty Corp., 726 F.2d 327, 330-31 (7th Cir. 1984). See also In re Ridgewood Apts. of DeKalb County. Ltd., 174 B.R. 712, 720 (Bankr. S.D. Ohio 1994) (noting that the "essence of a bankruptcy reorganization under Chapter 11 is to restructure debt" and it would be "anomalous for acceleration of an obligation to be construed as a prepayment . . . .").

Moreover, regardless of acceleration, no-call provisions that preclude the optional or voluntary repayment of debt are routinely held unenforceable against Chapter 11 debtors. See, e.g., Continental Secs. Corp. v. Shenandoah Nursing Home P'ship, 193 B.R. 769, 774 (W.D. Va. 1996) (affirming Bankruptcy Court's holding that "while there is a prepayment prohibition, [it] is not enforceable in this [Chapter 11] context"); In re Vest Assocs., 217 B.R. 696, 699 (Bankr. S.D.N.Y. 1998) (allowing repayment of loan although note provided it "cannot be prepaid without the prior written consent of the holder"); In re 360 Inns, Ltd., 76 B.R. 573, 575-76 (Bankr. N.D. Tex. 1987) (authorizing repayment of a note despite ten-year prohibition on repayment); In re Skyler Ridge, 80 B.R. 500, 502 (Bankr. C.D. Cal. 1987) (stating a prepayment prohibition "is not enforceable in a bankruptcy case"); LHD Realty Corp., 726 F.2d at 329 (allowing repayment of promissory note notwithstanding clause that states "no prepayment of principal may be made during the first ten (10) loan years").

III. Pursuant to Section 502 and Rule 3007, the Debtors' Limited Objection to the CalGen Claims Should Be Allowed.

The Debtors object to the CalGen Claims to the extent they seek anything beyond the amount of outstanding principal, plus interest at the non-default contract rate through the date of repayments. Under Bankruptcy Code Section 502 and Bankruptcy Rule 3007, if an objection to a claim is made, the Court is authorized to determine the amount of the claim.

Most significantly, as explained above, the CalGen Lenders have filed proofs of claim that include demands for so-called "makewhole" premiums, or compensation for future interest payments they will not receive if the Debtors are permitted to repay the CalGen Secured Debt prior to its originally stated maturity date. The Debtors' proposed repayment of CalGen Secured Debt does not entitle the CalGen Lenders to a makewhole premium; thus, the Debtors object to the CalGen Claims on the following grounds.

A. The CalGen Secured Debt Indentures Do Not Require a Makewhole Premium For Repayment Prior to April 1, 2007.

Put simply, the Debtors' repayment of CalGen Secured Debt must occur by March 30, 2007, and none of the seven tranches of CalGen Secured Debt explicitly imposes a makewhole obligation if repayment occurs on or before that date. More specifically,

- The indenture for the $200,000,000 First Priority Secured Revolving Loans states the Loans may be repaid at any time without penalty.[20]
- The indentures for the $235,000,000 First Priority Secured Floating Rate Notes Due 2009 and the $600,000,000 First Priority Secured Institutional Term Loans Due 2009 state the Notes and Loans may not be repaid prior to April 1, 2007. The indentures do not impose a makewhole premium for any repayment made during this no-call period.[21]
- The indentures for the $640,000,000 Second Priority Secured Floating Rate Notes Due 2010 and the $100,000,000 Second Priority Secured Institutional Term Loans Due 2010

[20] First Priority Amended and Restated Credit Agreement § 2.1.10.

[21] First Priority Indenture § 3.07; First Priority Credit and Guarantee Agreement § 2.10.

state the Notes and Loans may not be repaid prior to April 1, 2008. The indentures do not impose a makewhole premium for any repayment made during this no-call period.[22]

- The indenture for the $680,000,000 Third Priority Secured Floating Rate Notes Due 2011 and the $150,000,000 11.5% Third Priority Secured Notes Due 2011 state the Notes may not be repaid any time. The indentures do not impose any makewhole premium for any repayment during any period.[23]

Therefore, because none of the CalGen Secured Debt indentures provides for a makewhole premium if repayment occurs prior to April 1, 2007, to the extent the CalGen Lenders assert the Proposed Refinancing triggers a makewhole obligation, they must attempt to import it from different circumstances. Indeed, three of the six indentures do not provide for a makewhole premium upon repayment at ***any*** point in time. Furthermore, four of the CalGen Secured Debt indentures state that makewhole premiums are due if Debt is repaid after April 1, 2007 or April 1, 2008—i.e., ***after*** the Proposed Refinancing would be complete:

- $235,000,000 First Priority Secured Floating Rate Notes Due 2009. Section 3.07 of the First Priority Indenture, entitled "Optional Redemption," states that "***[o]n or after April 1, 2007***, the Issuers may redeem all or part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the notes redeemed . . . ." (Emphasis added).

- $600,000,000 First Priority Secured Institutional Term Loans Due 2009. Section 2.10 of the Credit and Guarantee Agreement, entitled "Voluntary Prepayments," states that "[t]he Borrower may . . . [prepay] the First Priority Term Loans, if such prepayment is ***after April 1, 2007***, but on or before April 1, 2008, in an amount equal to 102.5% of the principal amount so prepaid . . . ." (Emphasis added).

- $640,000,000 Second Priority Secured Floating Rate Notes Due 2010. Section 3.07 of the Second Priority Indenture, entitled "Optional Redemption," states that "***[o]n or after April 1, 2008***, the Issuers may redeem all or part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the notes redeemed . . . ." (Emphasis added).

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[22] Second Priority Indenture § 3.07; Second Priority Credit and Guarantee Agreement § 2.10.

[23] Third Priority Indenture § 3.07.

- $100,000,000 Second Priority Secured Institutional Term Loans Due 2010. Section 2.10 of the Credit and Guarantee Agreement, entitled "Voluntary Prepayments," states that "[t]he Borrower may . . . [prepay] the Second Priority Term Loans, if such prepayment is ***after April 1, 2008***, but on or before April 1, 2009, in an amount equal to 103.5% of the principal amount so prepaid . . . ." (Emphasis added).

In sum, there is not a single provision within any of the indentures for the seven issuances of CalGen Secured Debt that states a repayment before April 1, 2007 triggers a makewhole obligation.

B. The CalGen Secured Debt Indentures Do Not Require a Makewhole Premium Upon the Repayment of Accelerated Debt.

Even beyond the fact that the terms of the CalGen Secured Debt indentures plainly do not require a makewhole premium for a pre-April 1, 2007 repayment, any makewhole demands by the CalGen Lenders would be legally unenforceable regardless of the date on which the Debtors effected repayment. This is because the CalGen Secured Debt indentures do not require a makewhole premium upon the repayment of accelerated debt.

As explained above, the CalGen Secured Debt indentures uniformly provide that commencing a voluntary bankruptcy case is an Event of Default.[24] All of the indentures also contain acceleration clauses, which uniformly provide that in the case of an Event of Default due to bankruptcy all outstanding Notes shall become ***due and payable immediately*** without further action or notice.[25] It cannot be disputed that the Debtors' commencement of their Chapter 11 Cases constituted an Event of Default and, therefore, pursuant to the indentures' acceleration clauses, the CalGen Secured Debt is presently due and payable.

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[24] First Priority Amended and Restated Credit Agreement § 7.01; First Priority Indenture § 6.01; First Priority Credit and Guarantee Agreement § 7.01; Second Priority Indenture § 6.01; Second Priority Credit and Guarantee Agreement § 7.01; Third Priority Indenture § 6.01.

[25] (Emphasis added). First Priority Amended and Restated Credit Agreement § 7.02; First Priority Indenture § 6.02; First Priority Credit and Guarantee Agreement § 7.02; Second Priority Indenture § 6.02; Second Priority Credit and Guarantee Agreement § 7.02; Third Priority Indenture § 6.02.

The acceleration of the CalGen Secured Debt further nullifies any makewhole demand by the CalGen Lenders. As an initial matter, the indenture provisions that do contain makewhole requirements expressly state they apply only in the case of an "optional redemption" or "voluntary repayment."[26] As with the unenforceable no-call provisions, it is logically impossible for the repayment of debt that is "due and payable immediately without further action or notice" to be "optional" or "voluntary."

Furthermore, none of the CalGen Secured Debt indentures' acceleration clauses explicitly provides that the repayment of accelerated debt triggers a makewhole obligation—an dispositive omission when determining the enforceability of a makewhole demand. Put differently, courts may enforce a makewhole demand in the context of a Chapter 11 event of default if the acceleration clause at issue specifically includes the makewhole obligation within its terms. See, e.g., In re AE Hotel Venture, 321 B.R. 209, 219 (Bankr. N.D. Ill. 2005) (finding "[b]ecause the loan documents here expressly provide for a prepayment premium even when the debt is accelerated, the premium is 'provided for under the agreement'"); In re Vanderveer Estates Holdings, Inc., 283 B.R. 126 (Bankr. E.D.N.Y. 2002) (enforcing a makewhole payment where "[t]he Note contains a provision requiring the payment of a Yield Maintenance Premium in connection with any prepayment of the loan, 'whether the prepayment is voluntary or involuntary (in connection with holder hereof's acceleration of the unpaid principal balance of the Note)'"); In re Financial Center Assocs. of East Meadow, L.P., 140 B.R. 829, 835 (Bankr. E.D.N.Y. 1992) (noting "[i]t is not disputed that the agreement between the parties specifically provides for the pre-payment charge even in the event of acceleration").

[26] First Priority Indenture § 3.07; First Priority Credit and Guarantee Agreement § 2.10; Second Priority Indenture § 3.07; Second Priority Credit and Guarantee Agreement § 2.10; Third Priority Indenture § 3.07.

Critically, however, what courts will not do (including courts within this District) is write a repayment premium requirement into an indenture provision that does not already so provide. See, e.g., In re Adelphia Commc'ns Corp., 342 B.R. 142, 150-54 (Bankr. S.D.N.Y. 2006) (denying an asserted premium demand because the agreement in question did not provide for such a remedy); Shenandoah Nursing Home, 193 B.R. at 774 (refusing to enforce a "lockout provision by simply supplying a prepayment penalty figure contained elsewhere in the note since no such figure exists. In essence, the lockout provision, completely uncoupled from some sort of damages provision, is not specific enough to be enforced by this court.").

In other words, if the CalGen Lenders—sophisticated parties who were ably represented by counsel—intended the Secured Debt indentures to require payment of a makewhole premium in the event of a default-induced acceleration, they could and should have included such a provision within the express terms of the acceleration clause. See, e.g., Adelphia, 342 B.R. at 153 (noting "if the bank lenders wished to contact for additional remedies (which likewise was their right, if their contract counterparty was agreeable to providing such), the bank lenders could have done so"). That the Lenders failed to bargain for this specific benefit, however, does not entitle them to petition the Court to redraft the terms of the parties' bargain on the eve of repayment. See, e.g., id. at 151 ("Needless to say, the contract's actual language trumps the paraphrase of it, and neither a party, nor the Court, is free to restate the contractual language used by the parties.").

IV. Pursuant to Rule 3012, the CalGen Claims Should Be Valued Not To Include Any Amounts in Excess of Outstanding Principal, Plus Unpaid Interest at the Non-Default Contract Rate, Through the Repayment Date.

In repaying the CalGen Secured Debt, the Debtors intend to satisfy all valid obligations to the CalGen Lenders. To that end, it is essential the Debtors confirm the exact amounts they owe on the CalGen Secured Debt. The Debtors have therefore attached a chart, attached hereto as Exhibit H, which indicates the outstanding principal due and owing to the

CalGen Lenders, according to the Debtors' books and records. The Debtors believe the CalGen Lenders' Proofs of Claim are limited only to such outstanding principal, plus interest at the non-default contract rate through the date of repayments. More specifically, the Debtors disagree their proposed repayment prompts any makewhole obligation and, therefore, herein move the Court to determine, pursuant to Bankruptcy Rule 3012, the value of the CalGen Claims in amounts that do not include any asserted makewhole obligations.

A. The Value of the CalGen Claims Can and Must Be Determined Through This Motion.

It is proper for the Debtors to bring, and for this Court to decide, the instant Rule 3012 Motion at this time. Rule 3012 provides "[t]he court may determine the value of a claim secured by a lien on property in which the estate has an interest on motion of any party in interest and after a hearing on notice to the holder of the secured claim and any other entity as the court may direct." As stated in the Advisory Committee Note to Rule 3012, the "valuation of secured claims may become important in different contexts" in Chapter 11 cases, and debtors and creditors alike may bring a motion to determine the value of a secured claim. See AE Hotel Venture, 321 B.R. at 212 n.1; In re F.B.F. Indus., Inc., 165 B.R. 544, 546 (Bankr. E.D. Pa. 1994).

Moreover, a prompt determination of the value of the CalGen Claims is critical: if the Debtors are required to satisfy a makewhole obligation on the full amount of outstanding CalGen Secured Debt, it may not be plausible to proceed with the Proposed Refinancing. Although the CalGen Lenders' Proofs of Claim assert unliquidated amounts related to the repayment of the CalGen Secured Debt, given the amount of principal at issue ($2.516 billion), it is conceivable that a makewhole payment could involve a sum larger than the expected interest rate savings to be gained through the Proposed Refinancing.

In addition, the Proposed Refinancing expires on March 30, 2007, and therefore the Debtors have reserved the right to abandon the Proposed Refinancing if they cannot obtain a

judicial determination by this date that the CalGen Lenders are not entitled to a makewhole payment. Accordingly, to close and execute the Proposed Refinancing, the issue of whether the value of the CalGen Claims properly includes a makewhole payment must be determined concurrently with the Debtors' request to authorize the Replacement DIP Facility.

B. The CalGen Claims Should Be Valued in the Following Amounts.

Pursuant to Bankruptcy Rule 3012, the Debtors respectfully request that the Court determine the value of the CalGen Claims as the amount of outstanding principal, plus unpaid interest at the non-default contract rate through the date of repayments. The Debtors submit that the claim values reflected in the table attached hereto Exhibit H are appropriate values for the CalGen Claims. The Debtors calculated the value of the CalGen Claims based on the information contained in the CalGen Claims and the Debtors' books and records. For the purposes of this Motion only, the Debtors have assumed that, subject to the Court's approval, they will repay the CalGen Secured Debt on Friday, March 30, 2007 (the "Repayment Date").[27] Assuming the CalGen Secured Debt is repaid on the Repayment Date, the CalGen Claims would be appropriately valued as follows:

- With respect to the CalGen First Lien Revolving Loans, the Debtors' books and records do not reflect any liability for principal or interest.
- With respect to the CalGen First Lien Notes, the Debtors calculate the total amount of principal due is $235 million and the total amount of unpaid interest is $5,332,150.00, resulting in a total claim in the amount of $240,332,150.00.
- With respect to the CalGen Second Lien Notes, the Debtors calculate that the total amount of principal due is $640 million and the total amount of unpaid interest is $17,721,600.00, resulting in a total claim in the amount of $657,721,600.00.
- With respect to the CalGen Third Lien Notes, the Debtors calculate that the total amount of principal due is $830 million and the total amount of

[27] The Debtors reserve the right to repay the CalGen Secured Debt before March 30, 2007. In the event the CalGen Claims are satisfied on an earlier date, the Debtor will adjust their calculations accordingly.

unpaid interest is $57,483,000.00, resulting in a total claim in the amount of $887,483,000.00.

- With respect to the CalGen First Lien Term Loans, the Debtors calculate that the total amount of principal due is $600,000,000.00 and the total amount of unpaid interest is $13,426,959.45, resulting in a total claim in the amount of $613,426,959.45.

- With respect to the CalGen Second Lien Term Loans, the Debtors calculate the total amount of principal due to be $100 million and the total amount of interest on principal due as $2,730,977.26, resulting in a total claim in the amount of $102,730,977.26.

In the weeks before the hearing on this Motion, the Debtors intend to work with the CalGen Lenders to agree on the Repayment Date and the appropriate value of the CalGen Claims. In the event the Debtors and the CalGen Lenders are unable to reach consensus on the value of the CalGen Claims, the Debtors respectfully request that the Court approve the Debtors' calculations of the CalGen Claims as an appropriate measure of those claims.

MEMORANDUM OF LAW

This Motion includes citations to the applicable authorities and a discussion of their application to this Motion. Accordingly, the Debtors respectfully submit that such citations and discussion satisfy the requirement that the Debtors submit a separate memorandum of law in support of this Motion pursuant to Rule 9013-1 of the Local Rules.

NOTICE

Notice of this Motion has been provided to: (a) the United States Trustee for the Southern District of New York; (b) counsel to the Creditors' Committee; (c) counsel to the administrative agents for the Debtors' prepetition secured lenders; (d) counsel to the ad hoc committees; (e) the indenture trustees pursuant to the Debtors' secured indentures; (f) counsel to the Debtors' postpetition lenders; (g) the Securities and Exchange Commission; (h) the Internal Revenue Service; (i) the United States Department of Justice; (j) counsel to the Equity Committee; and (k) all parties entitled who have requested notice pursuant to Bankruptcy Rule 2002. In light of

the nature of the relief requested herein, the Debtors submit that no other or further notice is required. A copy of the Motion is also available on the website of the Debtors' notice and claims agent, Kurtzman Carson Consultants LLC, at http://www.kccllc.net/calpine.

Except as otherwise noted herein, no prior application for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request an entry of an order, substantially in the form attached hereto as Exhibits A and B, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: January 26, 2007
New York, New York

Respectfully submitted,

/s/ Richard. M. Cieri_ _____

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Counsel for the Debtors

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11
Calpine Corporation, et al.,	)	
	)	Case No. 05-60200 (BRL)
Debtors.	)	Jointly Administered

ORDER AUTHORIZING DEBTORS TO OBTAIN POST-PETITION FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d) AND 364(e)

Upon the motion (the "**Motion**"), filed on January 26, 2007, of Calpine Corporation, a Delaware corporation (the "**Borrower**"), and each of the direct and indirect domestic subsidiaries of the Borrower[1] (excluding RockGen Energy LLC, the "**Guarantors**" and each a "**Guarantor**"), each a debtor and debtor-in-possession (together with the Borrower, the "**Debtors**" and individually a "**Debtor**"), in the above-captioned cases (the "**Cases**") pursuant to sections 105, 361, 362, 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), 364(d) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§101 et seq. (the "**Bankruptcy Code**"), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), seeking, among other things:

(1) authorization for the Borrower to obtain post-petition financing (the "**Financing**") to refinance its existing debtor-in-possession financing and certain pre-petition indebtedness of the Debtors, and for all of the Guarantors to guaranty the Borrower's obligations in connection with the Financing, on a joint and several basis, up to the aggregate principal amount of $5,000,000,000 (which amount may be increased up to an aggregate principal amount of $7,000,000,000

[1] The Guarantors and Debtors (other than the Borrower) are set forth on Schedule 1 to this Order.

in connection with the incurrence of Incremental Term Loans (as defined in the DIP Credit Agreement) on the terms and conditions set forth in the DIP Credit Agreement without further application to the Court), pursuant to a credit agreement (the "**DIP Credit Agreement**") with Credit Suisse Securities (USA), LLC ("**CSS**"), Goldman Sachs Credit Partners L.P. ("**GS**"), J.P. Morgan Securities, Inc. ("**JPMSI**"), and Deutsche Bank Securities Inc ("**DBSI**") as joint lead arrangers and joint bookrunners, (CSS, GS, JPMSI and DBSI in such capacities the, "**Joint Lead Arrangers**"), Credit Suisse ("**CS**") as administrative agent for the lenders party thereto, (in such capacity and including any successors, the "**Agent**"), a syndicate of financial institutions (together with CS, GS, JPMorgan Chase Bank, N.A. and [Deutsche Bank Trust Company Americas] and including the fronting and issuing banks for the letters of credit, the "**DIP Lenders**"), and CS as Collateral Agent for the DIP Lenders (in such capacity and including any successors, the "**Collateral Agent**").

(2) authorization for the Debtors to execute and enter into the DIP Documents and to perform such other and further acts as may be required in connection with the DIP Documents;

(3) the granting of certain superpriority claims to the DIP Lenders payable from, and having recourse to, all pre-petition and post-petition property of the Debtors' estates and all proceeds thereof (including any proceeds of Avoidance Actions (as defined below); provided that with respect to proceeds of Avoidance Actions, such allowed claims shall share in such proceeds on a pari-passu basis

with general unsecured claims) (which is an "**Extraordinary Provision**" under General Order No. M-274 of the United States Bankruptcy Court for the Southern District of New York (the "**General Order**")), in each case subject to the Carve Out (as defined below);

(4) authorization for the use of certain proceeds of the Financing (a) to irrevocably repay in full all loans and other obligations outstanding under the Amended and Restated Revolving Credit, Term Loan and Guarantee Agreement, dated as of February 23, 2006 (as amended, supplemented or otherwise modified, the "**Existing DIP Agreement**" and together with all of the Bankruptcy Court orders, the agreement, documents and instruments executed or delivered in connection therewith, the "**Existing DIP Facility Documents**"), by and among the Borrower, the Guarantors, the several lenders party thereto (collectively, the "**Existing DIP Lenders**"), Deutsche Bank Trust Company Americas, as administrative agent (in such capacity, the "**First Priority Agent**"), Credit Suisse, as administrative agent (in such capacity, the "**Second Priority Agent**" and together with the First Priority Agent, the "**Existing Agents**"), (b) to repay and redeem the CalGen Secured Debt (as defined in the Motion), (c) at the Borrower's election, to satisfy the aggregate amount, if any, of any actual or potential claims, premiums or penalties related to (i) any "makewhole", repayment, prepayment or call provisions, (ii) any contract defaults or (iii) any contractual damages, in each case payable to the holders of the CalGen Secured Debt in connection with the payment of the CalGen Secured Debt (the "**CalGen Makewhole Payment**"), (d)

to refinance certain subsidiary secured debt, secured lease obligations and existing preferred securities, (e) for working capital purposes and other general corporate purposes of the Debtors and, to the extent permitted under the DIP Credit Agreement, their subsidiaries and (f) to fund distributions under a confirmed Chapter 11 plan of reorganization for the Debtors (a "**Reorganization Plan**");

(5) authorization for (a) the assumption by the reorganized Debtors on the effective date of a Reorganization Plan of the loans and other obligations outstanding under the DIP Documents, (b) the granting of liens on, and security interests in, the property of certain of the reorganized Debtors (as will be set forth in the Exit Facility Agreement) to secure the obligations outstanding under an exit facility agreement with the Borrower and the Guarantors, each as reorganized Debtors (the "**Exit Facility Agreement**"), from CSS, GS, JPMSI and DBSI, as joint lead arrangers and joint bookrunners (collectively, the "**Exit Joint Lead Arrangers**"), CS, as administrative and collateral agent (the "**Exit Agent**") and a syndicate of financial institutions party thereto (collectively, the "**Exit Lenders**") and (c) the payment of certain fees and the reimbursement of certain expenses to the Exit Joint Lead Arrangers, the Exit Agent and the Exit Lenders (it being understood that any such conversion shall be at the Borrower's election); and

(6) the limitation of the Debtors' right to surcharge against collateral pursuant to section 506(c) of the Bankruptcy Code, which is an Extraordinary Provision under the General Order and authorized under the Order entered by this Court .

Due and appropriate notice of the Motion, the relief requested therein having been served by the Debtors on [ ] and on the United States Trustee for the Southern District of New York.

The Hearing having been held by this Court on February [27], 2007 and all objections to the entry of this Order having been overruled or withdrawn, upon the record made by the Debtors at the Hearing and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction*. This Court has core jurisdiction over the Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. *Notice*. Under the circumstances, the Notice given by the Debtors of the Motion and the Hearing is in accordance with Sections 102(1) and 364 of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(c) and the local rules of this District, and no other or further notice is required.

3. *Findings Regarding the Financing.*

(a) Good cause has been shown for the entry of this Order.

(b) The Debtors require the proceeds of this Financing in order to maximize the value of these estates by reducing the Debtors' financing costs and to permit, among other things, the orderly continuation of the operation of their businesses, to maintain business relationships with vendors, suppliers, carriers and customers, to make payroll, to make capital expenditures, and to satisfy other working capital and operational needs. The reduction in financing costs together with continued access of the Debtors to sufficient working capital and

liquidity through the incurrence of new indebtedness for borrowed money and other financial accommodations is vital to the preservation and enhancement of the going concern values of the Debtors and to a successful reorganization of the Debtors.

(c) The Debtors are unable to obtain financing on more favorable terms from sources other than the DIP Lenders under the DIP Documents and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting to the Collateral Agent, the Agent and the DIP Lenders, subject to the Carve Out as provided for herein, the DIP Liens and the Superpriority Claims (as defined below) under the terms and conditions set forth in this Order and in the DIP Documents.

(d) The terms of the Financing are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

(e) The Financing has been negotiated in good faith and at arm's length between the Debtors, the Collateral Agent, the Agent and the DIP Lenders, and all of the Debtors' obligations and indebtedness arising under, in respect of or in connection with the Financing and the DIP Documents, including without limitation, (i) all loans made to, and all letters of credit issued for the account of, the Borrower and the other Debtors pursuant to the Credit Agreement substantially in the form attached as Exhibit A to the Motion (the "**DIP Credit Agreement**"), (ii) any "**Obligations**" (as defined in the DIP Credit Agreement), including credit extended in respect of overdrafts and related liabilities and other depository, treasury, cash

management services and other services (including, without limitation, automated clearing house transfer of funds services), any Eligible Permitted Commodity Hedge Agreements (as defined in the DIP Credit Agreement) or other hedging obligations of the Debtors to the extent permitted under the DIP Credit Agreement (including pursuant to any Swap Agreement (as defined in the DIP Credit Agreement)) in each case provided by either Agent, any DIP Lender or any of their respective affiliates or any Qualified Entity and (iii) all fees, indemnity claims and reimbursement obligations payable under and separate letter agreements between the Joint Lead Arrangers and the Borrower in connection with the Financing (all of the foregoing in clauses (i), (ii), and (iii) collectively, the "**DIP Obligations**"), shall be deemed to have been extended by the Agent and the DIP Lenders and their affiliates in good faith, as that term is used in section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(f) The Debtors have requested entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). Consummation of the Financing in accordance with this Order and the DIP Documents is in the best interests of the Debtors' estates.

4. *Authorization of the Financing and the DIP Documents*.

(a) The Debtors are hereby authorized to enter into and perform under the DIP Documents. The Borrower is hereby authorized to borrow money and obtain letters of credit pursuant to the DIP Credit Agreement, and the Guarantors are hereby authorized to guarantee such borrowings and the Borrower's obligations with respect to such letters of credit, up to an

initial aggregate principal amount of $5,000,000,000 (plus interest, fees and other expenses provided for in the DIP Documents), subject to any limitations under the DIP Documents, in accordance with the terms of this Order and the DIP Documents, which shall be used for all purposes permitted under the DIP Documents, including, without limitation, (i) to irrevocably repay in full all loans and other obligations outstanding under the Existing DIP Facility Documents, (ii) to repay and redeem the CalGen Secured Debt, (iii) at the Borrower's election, to pay and satisfy the CalGen Makewhole Payment, if any, (iv) to refinance certain subsidiary secured debt, secured lease obligations and existing preferred securities on the terms and subject to the conditions in the DIP Documents (v) to fund distributions to holders of prepetition unsecured claims under a Reorganization Plan, (vi) to provide working capital for the Debtors and, to the extent permitted under the DIP Documents, their subsidiaries and for other general corporate purposes and (vii) to pay interest, fees and expenses in accordance with this Order and the DIP Documents. In addition to such amounts and obligations, the Debtors are authorized to incur overdrafts and related liabilities arising from, treasury, depository and cash management services or in connection with any automated clearing house fund transfers provided to or for the benefit of the Debtors by CS, GS, JPM or DB or any of its or their affiliates, and Eligible Permitted Commodity Hedge Agreements (as defined in the DIP Credit Agreement) and other hedging obligations (including pursuant to Swap Agreements (as defined in the DIP Credit Agreement)) permitted pursuant to the terms of the DIP Credit Agreement; *provided*, *however*, that nothing herein shall require CS, GS, JPM or DB or any other party to incur overdrafts or to provide any such services or functions to the Debtors or to enter into any Swap Agreements with the Debtors.

(b) In furtherance of the foregoing and without further approval of this Court, and in accordance with the terms of this Order and section 303 of the Delaware General Corporation Law and other similar laws in the relevant jurisdictions of organization, each Debtor is authorized, directed and obligated (all without need for further action by their respective members, stockholders or partners and with like effect as if such action had been taken by unanimous action thereof) in accordance with the terms of the DIP Documents to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the amendment of any charters, bylaws or other organizational documents of such Debtor and the execution or recordation of security agreements, mortgages and financing statements), and to pay all fees, that may be reasonably required or necessary for the Debtors' performance of their obligations under Financing, including, without limitation:

(i) the execution, delivery and performance of the Loan Documents (as defined in the DIP Credit Agreement) and any exhibits attached thereto, including, without limitation, (x) the DIP Credit Agreement, (y) the Security and Pledge Agreement (as defined in the DIP Credit Agreement), and the mortgages, if any, contemplated thereby and (z) the commitment letter and the other letters executed in connection therewith (collectively, the "**DIP Documents**");

(ii) the execution, delivery and performance of one or more amendments to the DIP Credit Agreement for, among other things, the purpose of adding additional financial institutions as DIP Lenders and reallocating the commitments for the Financing among the DIP Lenders, in each case in such form as the Debtors, the Agent and the DIP Lenders may agree (it being understood that no further approval of the Court shall be

required for amendments to the DIP Credit Agreement (and the fees paid in connection therewith) that do not shorten the maturity of the extensions of credit thereunder or increase the commitments, the rate of interest or the letter of credit fees payable thereunder nor for the payment of any fees, costs or expenses associated with such amendment), provided that no further Court approval shall be required for the aggregate commitments under the Financing to be increased to up to $7,000,000,000 in connection with the incurrence by the Borrower of Incremental Term Loans (as defined in the DIP Credit Agreement) on the terms and subject to the conditions set forth in the DIP Credit Agreement; provided further that the Debtors will provide the Creditors Committee (as defined below) and the Unofficial Committee of Second Lien Debtholders (the "**Second Lien Committee**") with three (3) days prior written notice of (i) the terms of any such proposed amendment and related fees (other than such amendments relating to the adding of additional financial institutions as DIP Lenders and reallocating the commitments for the Financing among the DIP Lenders) and (ii) the terms and conditions of any Incremental Term Loans to be incurred under the DIP Credit Agreement. Notwithstanding any other provision hereof, without further approval of this Court or notice thereof, amendments to the DIP Documents and certain of its terms may be made as contemplated thereby (including permitting modifications to the DIP Credit Agreement advisable to ensure successful syndication);

(iii) the non-refundable payment to the Agent, the Collateral Agent, and the Joint Lead Arrangers as the case may be, of the fees, costs, expenses and indemnities referred to in the DIP Credit Agreement and, upon entry of this Order, the fees referred to in the separate letter agreements between CS, Goldman, JPMSI and the Borrower negotiated in

connection with the Financing in accordance with the terms thereof, and reasonable costs and expenses as may be due from time to time, including, without limitation, reasonable fees and expenses of the professionals retained as provided for in the DIP Documents (including the commitment letter and any letter agreements executed in connection therewith), provided that copies of invoices for such professionals are provided to the Debtors and the Official Committee of Unsecured Creditors (the "**Creditors Committee**") and neither the Debtors nor the Creditors Committee interpose any written objection (delivered to such professional) to such invoices within fifteen (15) days of delivery by the relevant professional to the Debtors and the Creditors Committee, provided that, to the extent an objection to any such invoices are interposed within the foregoing fifteen (15) day period, the applicable professional shall be entitled to receive payment for those fees and expenses for which there is no objection and the objecting party and the applicable professional shall seek to resolve any such objection within ten (10) days of such objection and, if the objection cannot be resolved either the advisor or the objecting party shall be permitted to seek a ruling by this Court as to the reasonableness of such fees and/or expenses on at least five (5) business days notice, and

(iv) the performance of all other acts required under or in connection with the DIP Documents.

(c) Upon execution and delivery of the DIP Documents, the DIP Documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of the DIP Documents. No obligation, payment, transfer or grant of security under the DIP Documents or this Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including

without limitation, under section 502(d) of the Bankruptcy Code), or subject to any defense, reduction, recoupment, setoff or counterclaim.

5. *Superpriority Claims.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, effective as of the date of this Order, all of the DIP Obligations shall constitute allowed claims against the Debtors with priority over any and all administrative expenses, diminution claims and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code (the "**Superpriority Claims**"), which allowed claims shall be payable from and have recourse to all pre- and post-petition property of the Debtors and all proceeds thereof (provided that with respect to proceeds of Avoidance Actions, such allowed claims shall share in such proceeds on a pari-passu basis with general unsecured claims), subject only to the payment of the Carve Out to the extent specifically provided for herein.

(b) For purposes hereof, the "**Carve Out**" means an amount which shall be used to pay (i) unpaid fees and expenses of professionals retained by the Debtors, the Creditors Committee, the Official Committee of Equity Holders or any statutory committee appointed in accordance with section 1102 of the Bankruptcy Code in these Case (together with the Creditors Committee, the "**Committees**") and the reasonable expenses of members of any Committee that are (a) incurred prior to the occurrence and continuance of an Event of Default (as defined in the DIP Credit Agreement) and (b) allowed by the Bankruptcy Court, at any time, under sections

105(a), 330, 331 and 503(b)(3) of the Bankruptcy Code or otherwise, (ii) unpaid fees and expenses of professionals retained by the Debtors or any Committee and the reasonable expenses of members of any Committee, up to an aggregate amount not to exceed $50,000,000 that (a) are incurred after the occurrence and during the continuance of an Event of Default and (b) allowed by the Bankruptcy Court, at any time, under sections 105(a), 330, 331 and 503(b)(3) of the Bankruptcy Code or otherwise, (iii) in the event of a conversion of the Cases, the reasonable fees and expenses of a chapter 7 trustee under section 726(b) of the Bankruptcy Code in an amount not exceeding $2,000,000, and (iv) fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930 (a), Title 28, United States Code; provided that the Carve Out shall not include any fees or expenses incurred in investigating or challenging the liens or superpriority claims of the Collateral Agent, Administrative Agent or Lenders granted under the Existing DIP Agreement or any of the documents, instruments or agreement executed or delivered in connection therewith, or the DIP Liens or the claims of the Collateral Agent, the Agent or the DIP Lenders under the DIP Credit Agreement, the Security and Pledge Agreement or this Order but may include fees and expenses incurred in investigating and/or challenging the liens and claims of any other pre-petition or post-petition creditor of the Debtors' estates (it being understood that, in the event of a liquidation of the Borrower's and the other Debtor's estates, upon the effective date of a Reorganization Plan for the Debtors or the consummation of the sale of all or substantially all of the Borrower's or the Debtors' assets, an amount equal to the Carve-Out shall be reserved from the proceeds of such liquidation, such Reorganization Plan, such sale or from cash held in the estates at such time, and held in a segregated account prior to the making of the distributions). For clarity, the Agent and

DIP Lenders agree that so long as no Event of Default shall have occurred and be continuing, the Debtors shall be permitted to pay compensation and reimbursement of fees and expenses allowed and payable under 11 U.S.C. §§ 105(a), 330, and 331, as the same may be due and payable, and neither such amounts nor any retainers paid to the professionals retained by the Debtors or any Committee, nor any fees, expenses, indemnities or other amounts paid to the Collateral Agent, the Agent, any DIP Lender or their respective attorneys and agents under the DIP Credit Agreement, shall reduce the Carve-Out, provided that nothing herein shall be construed to impair the ability of any party to object to any of the fees, expenses, reimbursement or compensation described in clauses (ii) and (iii) above, and provided further, that cash or other amounts on deposit in the L/C Cash Collateral Account shall not be subject to the Carve Out.

6. *DIP Liens*. As security for the DIP Obligations, effective and perfected upon the Closing Date (as defined in the DIP Credit Agreement) and without the necessity of the execution, recordation of filings by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, the Debtors hereby grant the following security interests and liens to the Collateral Agent for its own benefit and the benefit of the Collateral Agent and DIP Lenders (all property identified in clauses (a), (b) and (c) below being collectively referred to as the "**Collateral**"), subject, only in the event of the occurrence and during the continuance of an Event of Default or a Default, to the payment of the Carve Out (all such liens and security interests granted to the Collateral Agent, for its benefit and for the benefit of the Agent and DIP Lenders, pursuant to this Order and the DIP Documents, the "**DIP Liens**"):

(a) First Lien on Cash Balances and Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, the Collateral Agent is hereby granted (for the benefit of itself, the Agent and the DIP Lenders) a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all pre- and post-petition property of the Debtors, whether existing on December 20, 2005 (the "**Petition Date**") or thereafter acquired, that, on or as of the Petition Date was not subject to valid, perfected and non-avoidable liens or in respect of which the obligations secured by liens existing on the Petition Date have been (or will be) satisfied (including, without limitation, upon the satisfaction in full thereof either by Final Order (as defined below) or under a Reorganization Plan, a senior lien on all property of the Debtors securing the CalGen Secured Debt as set forth in clause (e) of this paragraph 6) (collectively, "**Unencumbered Property**"), including without limitation, all cash and cash collateral of the Debtors (whether maintained with the Collateral Agent, the Agent or otherwise and including without limitation all cash in the Concentration Account (as defined in the DIP Credit Agreement) and any investment of such cash and cash collateral, inventory, accounts receivable (including, without limitation, any receivables payable to Calpine Energy Services L.P.), other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries, all property purportedly assigned or pledged as collateral by any Debtor to secure any intercompany obligations to the extent any such assignment or pledge shall not have been duly perfected as of the Petition Date and the proceeds of all the foregoing *provided that* no Debtor shall be required to pledge to the Collateral Agent (i) in

excess of 65% of the voting capital stock of its direct foreign subsidiaries or any of the capital stock or interests of its indirect foreign subsidiaries if adverse tax consequences would result to the Borrower from such pledge, (ii) the capital stock of Calpine Pasadena Cogeneration, Inc., and Calpine Texas Cogeneration, Inc., to the extent the pledge thereof is prohibited by the documents governing the leveraged-lease transaction under which Pasadena Cogeneration L.P., is the facility lessee, and such entities are not debtors or debtors-in-possession in these Cases, (iii) the Capital Stock of Androscoggin Energy, LLC, Bethpage Energy Center 3, LLC, Calpine Canada Energy Finance ULC, Calpine Canada Energy Ltd., Calpine Merchant Services Company, Inc., Calpine Newark, LLC, Calpine Parlin, LLC and CPN Insurance Corporation, (iv) the stock of any subsidiary that is not a Debtor owned by any subsidiary that becomes a Debtor after the Closing Date to the extent such pledge would constitute a default under project documents, result in a right of refusal, call or put options being activated, or to the extent such entity is a debtor in another bankruptcy case in another jurisdiction, or insurance company or such grant of a security interest is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument, other document or any applicable shareholder or similar agreement relating thereto or conflicts with any applicable law or (v) any of the assets of O.L.S. Energy-Agnews, Inc., Broad River Energy LLC, South Point Energy Center LLC, Calpine Greenleaf Holdings, Inc., Calpine Greenleaf, Inc. or Calpine Monterey Cogeneration, Inc. Unencumbered Property shall exclude the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively,

"**Avoidance Actions**"), and any proceeds or property recovered, unencumbered or otherwise the subject of successful Avoidance Actions.

(b) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, the Collateral Agent (for the benefit of itself the Agent and the DIP Lenders) is hereby granted valid, binding, continuing, enforceable, fully-perfected security interests in and liens upon all pre-petition and post-petition property of the Debtors (other than the property described in clause (a) of this paragraph 6, to the extent such property is subject to senior liens and security interests in favor of the Collateral Agent), whether now existing or hereafter acquired, that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code or to Permitted Liens (as defined in the DIP Credit Agreement), which security interests and liens in favor of the Collateral Agent are junior to such valid, perfected and unavoidable liens.

(c) Liens Priming Certain Replacement Liens. Pursuant to section 364(d)(1) of the Bankruptcy Code, the Collateral Agent is hereby granted (for the benefit of itself, the Agent and the DIP Lenders) a valid, binding, continuing, enforceable fully-perfected priming security interest in and lien on all pre-petition and post-petition property of the Debtors whether now existing or hereafter acquired that is subject to the replacement liens granted pursuant to and under the Final Order Authorizing Use of Cash Collateral and Granting Adequate Protection entered by the Bankruptcy Court on or about January 30, 2006 (as amended, the "**Cash Collateral Order**") in respect of the Calpine Second Lien Debt (as defined in the Cash

Collateral Order), which security interests and liens in favor of the Collateral Agent shall be senior to such replacement liens.

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or (ii) any liens arising after the Petition Date.

(e) Liens Securing the CalGen Secured Debt. Upon entry of this Order and the repayment of the CalGen Secured Debt, the DIP Obligations shall be secured by valid, binding, continuing, enforceable, fully perfected first priority senior security interests in, and liens on, all pre-petition and post-petition property of CalGen Holdings, Inc. and its subsidiaries, whether such property existed as of the Petition Date or was acquired thereafter, that secured the CalGen Secured Debt; provided that the liens granted to the Collateral Agent hereunder (for the benefit of itself, the Agent and the DIP Lenders) on such property shall rank junior to the liens of the holders of the CalGen Secured Debt that secure the CalGen Makewhole Payment until the earlier to occur of (i) the date that an order determining that no CalGen Makewhole Payment is payable in connection with the repayment of the CalGen Secured Debt becomes a Final Order and (ii) at the Borrower's election, the date that the CalGen Makewhole Payment shall have been satisfied in full. For purposes hereof, a "**Final Order**" means an order, judgment or decrees as to which the time to appeal, petition for certiorari, or move for reargument or rehearing, and any stay associated therewith, has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing by the entity

possessing such right, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order, judgment or decree was appealed, or certiorari has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

7. *Protection of DIP Lenders' Rights*. The automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary (i) to permit the Collateral Agent, the Agent and the DIP Lenders to exercise, upon the occurrence of an Event of Default, all rights and remedies under the DIP Documents other than those rights and remedies against the Collateral and (ii) to permit the Collateral Agent, the Agent and the DIP Lenders to exercise, upon the occurrence and during the continuance of an Event of Default and the giving of five (5) business days prior written notice to the Debtors, the United States Trustee for the Southern District of New York, the Committees appointed in the Cases and the Second Lien Committee, all rights and remedies against the Collateral provided for in the DIP Documents (including, without limitation, the right to setoff monies of the Debtors in accounts maintained with the Collateral Agent, any Agent or any DIP Lender). In no event shall the Collateral Agent, the Agent or the DIP Lenders be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral.

8. *Perfection of DIP Liens*.

(a) The Collateral Agent and the DIP Lenders are hereby authorized, but not required, to file or record Uniform Commercial Code financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments in any jurisdiction or take any

other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the Collateral Agent on behalf of the DIP Lenders shall, in its sole discretion, choose to file such financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge dispute or subordination, as of the Petition Date. Upon the request of the Collateral Agent, each of the Debtors, without any further consent of any party, is authorized to take, execute and deliver such instruments to enable the Collateral Agent to further validate, perfect, preserve and enforce the DIP Liens.

(b) A certified copy of this Order may, in the discretion of the Collateral Agent, be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Order for filing and recording.

(c) Any provision of any lease or other license, contract or other agreement that requires (i) the consent or approval of one or more lessors or other parties or (ii) the payment of any fees or obligations to any governmental entity, in order for any Debtor to pledge, grant, sell, assign, or otherwise transfer any such leasehold interest, or the proceeds thereof, or other post-petition collateral related thereto, is hereby deemed to be inconsistent with the applicable provisions of the Bankruptcy Code. Any such provision shall have no force and effect with respect to the transactions granting post-petition liens, in such leasehold interest or the proceeds

of any assignment and/or sale thereof by any Debtor, in favor of the Collateral Agent or the DIP Lenders in accordance with the terms of the DIP Credit Agreement or this Order.

(d) Upon the request of the Collateral Agent, each of the Borrower and the Guarantors shall seek to enter into separate fee and leasehold mortgages in recordable form with respect to the Collateral, as applicable, on terms reasonably satisfactory to the Collateral Agent.

9. *Preservation of Rights Granted Under the Order*.

(a) No claim or lien having a priority superior to or *pari passu* with those granted by this Order to the Collateral Agent, the Agent and the DIP Lenders shall be granted or allowed while any portion of the Financing (or any refinancing thereof) or the commitments thereunder or the DIP Obligations remain outstanding, and the DIP Liens shall not be (i) subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or (ii) subordinated to or made pari passu with any other lien or security interest, whether under section 364(d) of the Bankruptcy Code or otherwise.

(b) Unless all DIP Obligations shall have been paid in full (and, with respect to outstanding letters of credit issued pursuant to the DIP Credit Agreement, cash collateralized in accordance with the provisions of the DIP Credit Agreement), the Debtors shall not seek, and it shall constitute an Event of Default if any of the Debtors seek, or if there is entered, (i) any modifications or extensions of this Order without the prior written consent of the Agent, and no such consent shall be implied by any other action, inaction or acquiescence by either or both Agent, (ii) an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code or (iii) an order dismissing any of the Cases. If an order dismissing any of the Cases under

section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code), to the fullest extent permitted by law, that (x) the Superpriority Claims, priming liens, security interests and replacement security interests granted to the Collateral Agent, the Agent and the DIP Lenders pursuant to this Order shall continue in full force and effect and shall maintain their priorities as provided in this Order until all DIP Obligations shall have been paid and satisfied in full in cash (and that such Superpriority Claims, priming liens and replacement security interests, shall, notwithstanding such dismissal, remain binding on all parties in interest) and (y) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in (x) above.

(c) If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal, stay, modification or vacation shall not affect (i) the validity of any DIP Obligations incurred prior to the actual receipt of written notice by the Agent of the effective date of such reversal, stay, modification or vacation or (ii) the validity or enforceability of any lien or priority authorized or created hereby or pursuant to the DIP Credit Agreement with respect to any DIP Obligations. Notwithstanding any such reversal, stay, modification or vacation, any DIP Obligations incurred by the Debtors to the Agent or the DIP Lenders, prior to the actual receipt of written notice by the Agent of the effective date of such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of this Order, and the Agent and DIP Lenders shall be entitled to all the rights, remedies, privileges and benefits granted in section 364(e) of the Bankruptcy Code, this Order and pursuant to the DIP Documents with respect to all DIP Obligations.

(d) Except as expressly provided in this Order or in the DIP Documents, the DIP Liens, the Superpriority Claims and all other rights and remedies of the Collateral Agent, the Agent and the DIP Lenders granted by the provisions of this Order and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7, dismissing any of the Cases, terminating the joint administration of these Cases or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the Cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived any discharge as to any remaining DIP Obligations and such waiver is hereby approved. The terms and provisions of this Order and the DIP Documents shall continue in these Cases, in any successor cases if these Cases cease to be jointly administered, or in any superceding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Superpriority Claims and all other rights and remedies of the Collateral Agent, the Agent and the DIP Lenders granted by the provisions of this Order and the DIP Documents shall continue in full force and effect until the DIP Obligations are indefeasibly paid in full.

10. *Payments to Existing Agents and Existing DIP Lenders*. (a) On the Closing Date, (i) the Debtors are hereby authorized and directed to use the proceeds of borrowings under the DIP Credit Agreement to irrevocably repay in full all outstanding obligations to the Existing Agents and the Existing DIP Lenders under the Existing DIP Facility Documents and (ii) all letters of credit issued and outstanding under the Existing DIP Facility Documents shall be deemed to be letters of credit issued under the DIP Documents for all purposes thereunder.

(b) Subsequent to the Closing Date, (x) the Debtors shall pay and/or reimburse the Existing Agents and/or the Existing DIP Lenders for any and all fees, costs, expenses, losses and

damages (including, without limitation, any fees, costs, expenses, losses and damages contemplated by Section 10.5 of the Existing DIP Agreement) incurred thereafter to the extent that the Existing DIP Agreement or any other Existing DIP Facility Document entitles them to such payment, indemnity or reimbursement after termination of such Existing DIP Facility Document and (y) such amounts shall, until paid in full in cash, constitute superpriority administrative expense claims under Section 507(b) of the Bankruptcy Code, subject and subordinate in all respects to the Superpriority Claims granted in paragraph 5(a) above.

11. *Limitation on Use of Financing Proceeds and Collateral.* Notwithstanding anything herein or in any other order by this Court to the contrary, no borrowings, letters of credit, Collateral or the Carve Out may be used to (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of any amount due under the DIP Documents, or the liens or claims granted under this Order or the DIP Documents, (b) assert any claims or defenses or causes of action against the Collateral Agent, the Agent or the DIP Lenders or their respective agents, affiliates, representatives, attorneys or advisors (other than for fraud, gross negligence or willful misconduct), (c) prevent, hinder or otherwise delay the Collateral Agent's assertion, enforcement or realization on the Collateral in accordance with the DIP Documents or this Order, (d) seek to modify any of the rights granted to the Collateral Agent, the Agent or the DIP Lenders hereunder or under the DIP Documents, in each of the foregoing cases without such parties' prior written consent, (e) pay any professional fees and disbursements incurred in connection with any of the actions described in the foregoing clauses (a) through (d) and (f) pay any amount on account of any claims arising prior to the Petition Date unless such payments are (i) approved by an Order of this Court and (ii) approved by the Agent or otherwise

in accordance with the Budget (as defined in the DIP Credit Agreement) as the same has been approved by the Agent in its sole discretion, provided that notwithstanding anything to the contrary contained herein, any fees or expenses paid in respect of the assertion of any claims or defenses or causes of action against the Agent or the DIP Lenders or their respective agents, affiliates, representatives, attorneys or advisors for fraud, gross negligence or willful misconduct shall be disgorged and repaid to the Debtors by the respective recipients thereof if and to the extent the relevant court enters a final order resolving such claims, defenses or causes of action that does not find such alleged fraud, gross negligence or willful conduct actually occurred. For the avoidance of doubt, borrowings, letters of credit, Collateral and the Carve Out may be used to investigate and/or challenge the liens and claims of any pre-petition or post-petition creditor (other than those of the Collateral Agent, the Agent and the DIP Lenders) of the Debtors' estates or assert defenses against such parties.

12. *Intercompany Claims.* Notwithstanding anything contained in the DIP Documents to the contrary, all outstanding intercompany indebtedness of any Subsidiary of the Borrower (as such term is defined in the DIP Documents) owing to the Borrower shall remain as is and shall not be converted to, nor contributed as, equity of such Subsidiary absent further order of this Court after notice and a hearing, provided that in no circumstances shall any such intercompany indebtedness be paid or otherwise satisfied at any time prior to the repayment in full of all DIP Obligations and the cancellation of the commitments under the DIP Credit Agreement. All parties shall be deemed to have reserved their rights with respect to (i) any resulting intercompany balances as a result of intercompany transactions whether arising pre-petition or post-petition; (ii) the pricing under intercompany arrangements, (iii) allocation of costs, fees and

expenses incurred by the various Debtor entities in connection with intercompany transactions for both pre-petition and post-petition periods, (iv) characterization of any pre-petition intercompany claim as debt or equity, and (v) any intercompany subrogation or contribution claims arising as a result of the administration and operation of the DIP Documents.

13. *Order Governs*. In the event of any inconsistency between the provisions of this Order and the DIP Documents, the provisions of this Order shall govern.

14. *Binding Effect; Successors and Assigns*. The DIP Documents and the provisions of this Order, including all findings herein, shall be binding upon all parties in interest in these Cases, including, without limitation, the Collateral Agent, the Agent, the DIP Lenders, any Committee appointed in these Cases, and the Debtors and their respective successors and assigns (including any estate representative or any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors) and shall inure to the benefit of the Collateral Agent, the Agent, the DIP Lenders, and the Debtors and their respective successors and assigns *provided, however*, that the Agent and the DIP Lenders shall have no obligation to extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors. In determining to make any loan under the DIP Credit Agreement or in exercising any rights or remedies as and when permitted pursuant to this Order or the DIP Documents, the Collateral Agent, the Agent and the DIP Lenders shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq. as amended, or any similar federal or state statute).

15. *Waiver of Claims Under 11 U.S.C. § 506(c)*. Except to the extent of the Carve Out, no expenses of administration of the Cases or any future proceeding or case that may result therefrom, including liquidation in bankruptcy or any other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Collateral Agent and no such consent shall be implied from any other action, inaction, or acquiescence by the Collateral Agent or the DIP Lenders.

16. *Adequate Protection for Holders of Calpine Corp. Second Lien Debt*. Without prejudice to their right to seek additional adequate protection or their rights under the Cash Collateral Order, the adequate protection granted to the Calpine Corp. Second Lien Holders under the Cash Collateral Order (including, without limitation, the right to receive the 2006 Adequate Protection Payments and the 2007 Adequate Protection Payments as all such terms are defined in, and in accordance with the terms of, the Order Modifying the Cash Collateral Order, entered by the Bankruptcy Court on December 28, 2006) shall constitute sufficient adequate protection of their interests and no additional adequate protection shall be required as a result of the priming of any liens of the Calpine Corp. Second Lien Holders, the entry of this Order or otherwise.

17. *Conversion to Exit Facility Agreement*. (a) Upon the satisfaction or waiver of the conditions precedent to effectiveness set forth in the Exit Facility Agreement (it being understood that any such conversion shall be at the Borrower's election) (the "**Conversion Date**"), automatically and without further order of this Court, (i) the Borrower, in its capacity as reorganized Calpine Corporation, shall be authorized to assume all obligations in respect of the loans and all other monetary obligations under the DIP Credit Agreement, (ii) each loan under

the DIP Credit Agreement shall be deemed to have been continued as a loan under the Exit Facility Agreement, (iii) each DIP Lender shall be deemed to be an Exit Lender under the Exit Facility Agreement, (iv) the DIP Documents shall be deemed to have been superseded and replaced, and deemed amended and restated in the form of, the Exit Facility Agreement (with such changes satisfactory to the administrative agent under the Exit Facility Agreement and the Borrower deemed incorporated as necessary to make such technical changes necessary to effectuate the intent of this paragraph 17) and (v) the commitments under the DIP Credit Agreement shall be deemed to have been terminated. Notwithstanding the foregoing, all obligations of the Borrower and the Guarantors to the Agents, Joint Lead Arrangers and the DIP Lenders under the DIP Credit Agreement or any other DIP Document which are expressly stated in the DIP Credit Agreement or such other DIP Document as surviving such agreement's termination shall, as so specified, survive without prejudice and remain in full force and effect as and to the extent set forth in paragraph 9(d) of this Order.

(b) Any order entered by this Court confirming a Reorganization Plan any of the Cases (a "**Confirmation Order**") shall provide that upon the Conversion Date (i) the Debtors and the reorganized Debtors are authorized to execute and deliver the Exit Facility Agreement, all mortgages, security documents and all other related agreements, documents or instruments to be executed or delivered in connection therewith (collectively, the "**Exit Facility Documents**") and perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages or indemnities, (ii) the Exit Facility Documents shall constitute the legal, valid and binding obligations of the reorganized Debtors parties thereto, enforceable in accordance with their respective terms, (iii) the Liens granted

hereunder shall not be altered, amended or discharged by any order confirming a plan of reorganization in any of the Cases and shall be, and shall remain, legal, valid and binding liens on, and security interests in, all property and assets of the reorganized Debtors having the priority granted to them hereunder and (iv) no obligation, payment, transfer or grant of security under the Exit Facility Documents or this Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law or subject to any defense, reduction, recoupment, setoff or counterclaim. Such Confirmation Order shall further provide that the Debtors and the reorganized Debtors, as applicable, and the other persons granting any liens and security interests to secure the obligations under the Exit Facility Documents are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such liens and security interests under the provisions of any applicable federal, state, provincial or other law (whether domestic or foreign), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties.

18. *Bethpage.* Notwithstanding anything to the contrary in this Order or in the DIP Credit Agreement, no funds or credit made available under the DIP Credit Agreement may be borrowed or otherwise used by Bethpage Energy Center 3, LLC ("**BEC3**"), and any amounts borrowed or otherwise used shall be immediately repaid by BEC3, and BEC3 shall not be a Guarantor under or otherwise party to the DIP Credit Agreement or any of the DIP Documents and shall not be liable in any respect for any of the DIP Obligations or subject to any of the DIP Liens or claims.

19. *Westbrook*. Solely with respect to the Motion, based on the Debtors' representation, it is hereby found that the interests in real property located in Westbrook, Maine which are owned by

Calpine Construction Finance Company, L.P. (as shown by documents now of record in the Registry of Deeds for Cumberland County, Maine), as well as personal property located thereon, is not owned by a Debtor as of the date hereof and accordingly such real or personal property shall not be subject to the terms of this Order, provided that such finding is without prejudice to the right of the Debtors to seek to obtain orders extending this Order to such real and personal property if Calpine Construction Finance Company, L.P., subsequently becomes a Debtor.

20. *Adequate Protection for Debtors Jointly and Severally liable for Obligations under the DIP Documents.* The adequate protection provisions set forth in paragraphs 19 and 22 of the cash collateral order entered by the Court contemporaneously with the entry of the order authorizing the Debtors to enter into the Existing DIP Facility Documents shall be deemed to remain in full force and effect.

21. *Hedging Obligations*. Subject to the terms of DIP Credit Agreement, the Debtors are hereby authorized to incur Hedging Obligations (as defined in the Motion), from time to time, as administrative expense obligations under section 503(b) of the Bankruptcy Code and to secure the Hedging Obligations with liens that are pari passu to the Liens granted to the Collateral Agent under the DIP Credit Agreement and this Order.

22. To the extent not withdrawn on the record at the Hearing, all objections to the Motion are hereby overruled.

Dated: _____ ___, 2007

_____
UNITED STATES BANKRUPTCY JUDGE

Schedule 1 [2]

Amelia Energy Center, LP
Anacapa Land Company, LLC
Anderson Springs Energy Company
Androscoggin Energy, Inc.
Auburndale Peaker Energy Center, LLC
Augusta Development Company, LLC
Aviation Funding Corp.
Baytown Energy Center, LP
Baytown Power GP, LLC
Baytown Power, LP
Bellingham Cogen, Inc.
Bethpage Fuel Management Inc.
Blue Heron Energy Center, LLC
Blue Spruce Holdings, LLC
Broad River Energy LLC
Broad River Holdings, LLC
CalGen Equipment Finance Company, LLC
CalGen Equipment Finance Holdings, LLC
CalGen Expansion Company, LLC
CalGen Finance Corp.
Calpine Geysers Company, L.P.
CalGen Project Equipment Finance Company One, LLC
CalGen Project Equipment Finance Company Three, LLC
CalGen Project Equipment Finance Company Two, LLC
Calpine Acadia Holdings, LLC
Calpine Administrative Services Company, Inc.
Calpine Agnews, Inc.
Calpine Amelia Energy Center GP, LLC
Calpine Amelia Energy Center LP, LLC
Calpine Auburndale Holdings, LLC
Calpine Baytown Energy Center GP, LLC
Calpine Baytown Energy Center LP, LLC
Calpine Bethpage 3 Pipeline Construction Company, Inc.
Calpine Bethpage 3, LLC
Calpine Power, Inc.
Calpine CalGen Holdings, Inc.
Calpine California Development Company, LLC
Calpine California Energy Finance, LLC
Calpine California Equipment Finance Company, LLC
Calpine Calistoga Holdings, LLC
Calpine Capital Trust

[2] With respect to this Schedule only, to the extent of any inconsistency with the DIP Documents, the DIP Documents shall prevail.

Calpine Capital Trust II
Calpine Capital Trust III
Calpine Capital Trust IV
Calpine Capital Trust V
Calpine Central Texas GP, Inc.
Calpine Central, Inc.
Calpine Central, L.P.
Calpine Central-Texas, Inc.
Calpine Channel Energy Center GP, LLC
Calpine Channel Energy Center LP, LLC
Calpine Clear Lake Energy GP, LLC
Calpine Clear Lake Energy, LP
Calpine Cogeneration Corporation
Calpine Construction Management Company, Inc.
Calpine Corporation
Calpine Corpus Christi Energy GP, LLC
Calpine Corpus Christi Energy, LP
Calpine Decatur Pipeline, Inc.
Calpine Decatur Pipeline, L.P.
Calpine Dighton, Inc.
Calpine East Fuels, Inc.
Calpine Eastern Corporation
Calpine Energy Services Holdings, Inc.
Calpine Energy Services, L.P.
Calpine Finance Company
Calpine Freestone Energy GP, LLC
Calpine Freestone Energy, LP
Calpine Freestone, LLC
Calpine Fuels Corporation
Calpine Gas Holdings LLC
Calpine Generating Company, LLC
Calpine Gilroy 1, Inc.
Calpine Gilroy 2, Inc.
Calpine Gilroy Cogen, L.P.
Calpine Global Services Company, Inc.
Calpine Gordonsville GP Holdings, LLC
Calpine Gordonsville LP Holdings, LLC
Calpine Gordonsville, LLC
Calpine Greenleaf Holdings, Inc.
Calpine Greenleaf, Inc.
Calpine Hidalgo Design, L.P.
Calpine Hidalgo Energy Center, L.P.
Calpine Hidalgo Holdings, Inc.
Calpine Hidalgo Inc.
Calpine Hidalgo Power GP, LLC
Calpine Hidalgo Power, LP

Calpine International Holdings, Inc.
Calpine International, LLC
Calpine Investment Holdings, LLC
Calpine Kennedy Airport, Inc.
Calpine Kennedy Operators Inc.
Calpine KIA, Inc.
Calpine Leasing Inc.
Calpine Long Island, Inc.
Calpine Lost Pines Operations, Inc.
Calpine Louisiana Pipeline Company
Calpine Magic Valley Pipeline, Inc.
Calpine Monterey Cogeneration, Inc.
Calpine MVP, Inc.
Calpine NCTP GP, LLC
Calpine NCTP, LP
Calpine Northbrook Corporation of Maine, Inc.
Calpine Northbrook Energy Holdings, LLC
Calpine Northbrook Energy, LLC
Calpine Northbrook Holdings Corporation
Calpine Northbrook Investors, LLC
Calpine Northbrook Project Holdings, LLC
Calpine Northbrook Services, LLC
Calpine Northbrook Southcoast Investors, LLC
Calpine NTC, LP
Calpine Oneta Power I, LLC
Calpine Oneta Power II, LLC
Calpine Oneta Power, L.P.
Calpine Operating Services Company, Inc.
Calpine Operations Management Company, Inc.
Calpine Pastoria Holdings, LLC
Calpine Philadelphia, Inc.
Calpine Pittsburg, LLC
Calpine Power Company
Calpine Power Equipment LP
Calpine Power Management, Inc.
Calpine Power Management, LP
Calpine Power Services, Inc.
Calpine Power, Inc.
Calpine PowerAmerica, Inc.
Calpine PowerAmerica, LP
Calpine PowerAmerica-CA, LLC
Calpine PowerAmerica-CT, LLC
Calpine PowerAmerica-MA, LLC
Calpine PowerAmerica-ME, LLC
Calpine PowerAmerica-NH, LLC
Calpine PowerAmerica-NY, LLC

Calpine PowerAmerica-OR, LLC
Calpine Producer Services, L.P.
Calpine Project Holdings, Inc.
Calpine Pryor, Inc.
Calpine Rumford I, Inc.
Calpine Rumford, Inc.
Calpine Schuylkill, Inc.
Calpine Siskiyou Geothermal Partners, L.P.
Calpine Sonoran Pipeline LLC
Calpine Stony Brook Operators, Inc.
Calpine Stony Brook Power Marketing, LLC
Calpine Stony Brook, Inc.
Calpine Sumas, Inc.
Calpine TCCL Holdings, Inc.
Calpine Texas Pipeline GP, Inc.
Calpine Texas Pipeline LP, Inc.
Calpine Texas Pipeline, L.P.
Calpine Tiverton I, Inc.
Calpine Tiverton, Inc.
Calpine ULC I Holding, LLC
Calpine University Power, Inc.
Calpine Unrestricted Funding, LLC
Calpine Unrestricted Holdings, LLC
Calpine Vapor, Inc.
Carville Energy LLC
CCFC Development Company, LLC
CCFC Equipment Finance Company, LLC
CCFC Project Equipment Finance Company One, LLC
CES GP, LLC
CGC Dighton, LLC
Channel Energy Center, LP
Channel Power GP, LLC
Channel Power, LP
Clear Lake Cogeneration Limited Partnership
CogenAmerica Asia Inc.
CogenAmerica Parlin Supply Corp.
Columbia Energy LLC
Corpus Christi Cogeneration L.P.
CPN 3rd Turbine, Inc.
CPN Acadia, Inc.
CPN Berks Generation, Inc.
CPN Berks, LLC
CPN Bethpage 3rd Turbine, Inc.
CPN Cascade, Inc.
CPN Clear Lake, Inc.
CPN Decatur Pipeline, Inc.

CPN East Fuels, LLC (Calpine East Fuels, LLC)
CPN Energy Services GP, Inc.
CPN Energy Services LP, Inc.
CPN Freestone, LLC
CPN Funding, Inc.
CPN Morris, Inc.
CPN Oxford, Inc.
CPN Pipeline Company
CPN Pleasant Hill Operating, LLC
CPN Pleasant Hill, LLC
CPN Power Services GP, LLC
CPN Power Services, LP
CPN Pryor Funding Corporation
CPN Telephone Flat, Inc.
Decatur Energy Center, LLC
Deer Park Power GP, LLC
Deer Park Power, LP
Delta Energy Center, LLC
Dighton Power Associates, LP
East Altamont Energy Center, LLC
Fond du Lac Energy Center, LLC
Fontana Energy Center, LLC
Freestone Power Generation LP
GEC Bethpage Inc.
Geothermal Energy Partners, Ltd
Geysers Power Company, LLC
Geysers Power Company II, LLC
Geysers Power I Company
Goldendale Energy Center, LLC
Hammond Energy LLC
Hillabee Energy Center, LLC
Idlewild Fuel Management Corp.
JMC Bethpage, Inc.
KIAC Partners
Lake Wales Energy Center, LLC
Lawrence Energy Center, LLC
Lone Oak Energy Center, LLC
Los Esteros Critical Energy Facility, LLC
Los Medanos Energy Center LLC
Magic Valley Gas Pipeline GP, LLC
Magic Valley Gas Pipeline, LP
Magic Valley Pipeline, L.P.
MEP Pleasant Hill, LLC
Moapa Energy Center, LLC
Mobile Energy L L C
Modoc Power, Inc.

Morgan Energy Center, LLC
Mount Hoffman Geothermal Company, L.P.
Mt. Vernon Energy LLC
NewSouth Energy LLC
Nissequogue Cogen Partners
Northwest Cogeneration, Inc.
NTC Five, Inc.
NTC GP, LLC
Nueces Bay Energy LLC
O.L.S. Energy-Agnews, Inc.
Odyssey Land Acquisition Company
Pajaro Energy Center, LLC
Pastoria Energy Center, LLC
Pastoria Energy Facility L.L.C.
Philadelphia Biogas Supply, Inc.
Phipps Bend Energy Center, LLC
Pine Bluff Energy, LLC
Power Investors, L.L.C.
Power Systems MFG., LLC
Quintana Canada Holdings, LLC
RockGen Energy LLC
Rumford Power Associates Limited Partnership
Russell City Energy Center, LLC
San Joaquin Valley Energy Center, LLC
Silverado Geothermal Resources, Inc.
Skipanon Natural Gas, LLC
South Point Energy Center, LLC
South Point Holdings, LLC
Stony Brook Cogeneration, Inc.
Stony Brook Fuel Management Corp.
Sutter Dryers, Inc.
TBG Cogen Partners
Texas City Cogeneration, L.P.
Texas Cogeneration Company
Texas Cogeneration Five, Inc.
Texas Cogeneration One Company
Thermal Power Company
Thomassen Turbine Systems America, Inc.
Tiverton Power Associates Limited Partnership
Towantic Energy, L.L.C.
VEC Holdings, LLC
Venture Acquisition Company
Vineyard Energy Center, LLC
Wawayanda Energy Center, LLC
Whatcom Cogeneration Partners, L.P.
Zion Energy LLC

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11
Calpine Corporation, et al.,	)	
	)	Case No. 05-60200 (BRL)
Debtors.	)	Jointly Administered

ORDER (I) GRANTING DEBTORS LIMITED OBJECTION TO CLAIM NUMBERS 2664, 2626 THROUGH 2665(INCLUSIVE), 3275, 3393 THROUGH 3421 (INCLUSIVE), 3546 THROUGH 3554 (INCLUSIVE), 3586 THROUGH 3588 (INCLUSIVE), 3731, 4073, 5653 THROUGH 5730 (INCLUSIVE), 5791, AND 5792; (II) DETERMINING THE VALUE OF THE CALGEN SECURED DEBT PURSUANT TO RULE 3012 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE; AND (III) AUTHORIZING REPAYMENT OF CALGEN SECURED DEBT

Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") seeking entry of an Order (a) granting the Debtors' limited objection to the CalGen Lenders' Claims, (b) determining the value of the CalGen Lenders' Claims pursuant to Rule 3012 of the Federal Rules of Bankruptcy Procedures, and (c) authorizing the Debtors to repay the CalGen Secured Debt [Docket No. _____]; it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest; it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; notice of this Motion and the opportunity for a hearing on this Motion were appropriate under the particular circumstances and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED

1. The Motion is granted in its entirety.

2. Claim numbers 2626 through 2665 (inclusive), 3275, 3393 through 3421 (inclusive), 3546 through 3554 (inclusive), 3586 through 3588 (inclusive), 3731, 4073, 5653 through 5730 (inclusive), 5791, and 5792 are hereby disallowed to the extent that such claims request amounts beyond the Repayment Amounts (as defined below).

3. Pursuant to Rule 3012 of the Federal Rules of Bankruptcy Procedures, the value of CalGen Lenders' Claims is hereby determined as the amount of outstanding principal, plus unpaid interest at the non-default contract rate under the CalGen Secured Debt through the date of repayments, as calculated by the Debtors (the "Repayment Amounts"). For the purposes of clarity, the Repayment Amounts shall not include any actual or potential claims, premiums or penalties related to (i) any "makewhole," repayment, prepayment or call provisions, (ii) any contract defaults or (iii) any contractual damages.

4. The Debtors are authorized to repay immediately all of the Repayment Amounts.

5. Upon payment of the Repayment Amounts, claim numbers 2626 through 2665 (inclusive), 3275, 3393 through 3421 (inclusive), 3546 through 3554 (inclusive), 3586 through 3588 (inclusive), 3731, 4073, 5653 through 5730 (inclusive), 5791, and 5792 shall be expunged and disallowed in their entirety.

6. The Debtors are authorized to discontinue all payments to the CalGen Lenders' professionals under the Cash Collateral Order as of the date of repayments.

7. Upon entry of this Order, the Debtors and the CalGen Lenders (including all trustees, depositary agents, or any other administrators of the CalGen Secured Debt) shall be authorized to take all appropriate steps or measures to cause or secure the distribution of the Repayment Amounts pursuant to the terms of this Order to the appropriate parties on a ratable basis. For the purposes of distribution of the Repayment Amounts, the record date shall be the

date that the Debtors transfer the Repayment Amounts. Any delays caused by, for instance, having to obtain subsequent orders to clarify any distribution mechanics, or any other issues that may be arise upon the Debtors transfer of the Repayment Amounts, shall not affect the record date, which shall remain the date the Debtors transfer the Repayment Amounts.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

9. The terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

10. The requirement set forth in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that any motion or other request for relief be accompanied by a memorandum of law is hereby deemed satisfied by the contents of the Application.

11. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: February __, 2007

Honorable Burton R. Lifland
United States Bankruptcy Judge

EXHIBIT C

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Counsel for the Debtors

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11
Calpine Corporation, et al.,	)	
	)	Case No. 05-60200 (BRL)
Debtors.	)	Jointly Administered

AFFIDAVIT OF SAMUEL M. GREENE IN SUPPORT OF DEBTORS' MOTION FOR ORDER (I) AUTHORIZING DEBTORS TO OBTAIN REPLACEMENT POSTPETITION FINANCING TO (A) REFINANCE EXISTING POSTPETITION FINANCING AND (B) REPAY PREPETITION DEBT; (II) ALLOWING DEBTORS' LIMITED OBJECTION TO CLAIMS; AND (III) DETERMINING VALUE OF SECURED CLAIMS

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

Samuel M. Greene, being duly sworn, deposes and states:

1. I am a Managing Director of Miller Buckfire & Co. LLC ("Miller Buckfire"), which is serving as Financial Advisor and Investment Banker to the debtors in the above-captioned Chapter 11 Cases (collectively, the "Debtors"). In my work on behalf of the Debtors, I am generally familiar with and have participated in the Debtors' efforts to obtain replacement

postpetition financing. I submit this Affidavit in support of the Debtors' Motion For Order (I) Authorizing Debtors to Obtain Replacement Postpetition Financing to (A) Refinance Existing Postpetition Financing and (B) Repay Prepetition Debt; (II) Allowing Debtors' Limited Objection to Claims; and (III) Determining Value of Secured Claims, filed January 26, 2007 (the "Motion").[1]

2. On March 23, 2004, CalGen issued $2.605 billion of secured debt through a series of first, second, and third-lien financings. Approximately $2.516 billion of CalGen Secured Debt is currently outstanding. Based on the weighted average spread on the CalGen Secured Debt of approximately 5.89%, and current LIBOR of approximately 5.36%,[2] the weighted average interest rate on the CalGen Secured Debt is approximately 11.25%. In addition, there are approximately $40 million in letters of credit outstanding against the CalGen First Lien Revolving Loans.

3. The Debtors' $2 billion Existing DIP Facility consists of:

(a) A revolving commitment of up to $1,000,000,000, secured by a first priority security interest, on which the interest rate is LIBOR plus 2.25%. There are approximately $80 million in letters of credit outstanding against the revolver facility and no cash borrowings.

(b) A term loan commitment of up to $400,000,000, secured by a first priority security interest, on which the interest rate is LIBOR plus 2.25%. The amount outstanding under this facility is $396.5 million.

(c) A term loan commitment of up to $600,000,000, secured by a second priority security interest, on which the interest rate is LIBOR plus 4.00%. The amount outstanding under this facility is $600 million.

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1 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

2 Represents three-month LIBOR as of January 26, 2007, per Bloomberg.

In sum, the amount drawn on the Existing DIP Facility is $996.5 million. Based on the weighted average spread on the currently outstanding amounts under the Existing DIP Facility of approximately 3.30% and current LIBOR of approximately 5.36%, the weighted average interest rate on the Existing DIP Facility is approximately 8.66%. The Existing DIP Facility is set to expire at the earliest of: December 20, 2007, the effective date of a plan or reorganization pursuant to a confirmation order of the Court, or the acceleration of the loans in accordance with the Existing DIP Credit Agreement.

4. On October 6, 2006, in light of the favorable conditions of the capital markets, and the Debtors' continued desire to improve cash flow, Miller Buckfire distributed, on the Debtors' behalf, a RFP for a possible refinancing to the nine Potential Replacement DIP Lenders. The RFP specified that the Debtors were seeking proposals for a new debtor in possession financing facility to amend or replace their Existing DIP Facility. The proposals had to include the following options:

(a) an extension of the maturity of the Existing DIP Facility beyond December 31, 2007;

(b) the ability to convert the debtor in possession financing into an exit facility at the Debtors' option; and

(c) the ability to expand the size of the facility at or subsequent to closing in order to refinance certain prepetition debt.

On or around October 16, 2006, the Debtors received initial responses to the RFP from each of the Potential Replacement DIP Lenders. During the following week, the Debtors and Miller Buckfire held discussions with the Potential Replacement DIP Lenders to explore the proposals further.

5. Upon receiving responses to the RFP, the Debtors identified the most favorable terms from each of the Potential Replacement DIP Lenders' responses and drafted an indicative

term sheet that set forth the key terms the Debtors required to pursue a refinancing transaction. On October 24, 2006, Miller Buckfire distributed the indicative term sheet to each of the Potential Replacement DIP Lenders and requested final, binding commitment letters in return. More specifically, the Debtors' prerequisites included the following terms:

(a) a $5 billion replacement facility, comprised of a $1 billion revolver and $4 billion term loans, subject to expansion;

(b) an initial term of two years, and if the Debtors opt to convert the proposed replacement facility into exit financing, a total term of seven years; and

(c) authorization for the Debtors to use the proceeds of the proposed replacement facility to refinance the Existing DIP Facility, repay the CalGen Secured Debt, and for general corporate purposes.

Over the ensuing weeks, the Debtors provided due diligence information to the Potential Replacement DIP Lenders, including financial models and budgets. On or around November 13, 2006, the Debtors received final commitment letters from seven of the eight Potential Replacement DIP Lenders and began negotiations with each.

6. On or around December 11, 2006, the Debtors selected Credit Suisse, Goldman Sachs, JP Morgan, and Deutsche Bank to be the Replacement DIP Joint Lead Arrangers based on, among other factors, the Replacement DIP Joint Lead Arrangers' familiarity with Calpine and its subsidiaries, the attractiveness of the terms that they proposed, and the Debtors' confidence in the ability of the Replacement DIP Joint Lead Arrangers to execute a transaction of this size and complexity.

7. As with the Existing DIP Facility, the Debtors could not obtain on an unsecured basis a replacement DIP facility with the terms and of the type and magnitude required in these Chapter 11 Cases. The Debtors solicited replacement financing from eight major potential lenders and none was willing to make a postpetition loan on an unsecured basis.

8. The key terms of the Replacement DIP Facility are summarized below.

<table>
<tr><td>Borrower</td><td>Calpine Corporation.</td></tr>
<tr><td>Facilities</td><td>A $5.0 billion facility comprised of

(a) a $4.0 billion secured first priority term loan facility (the "Term Facility"), and

(b) a $1.0 billion secured first priority revolving credit facility (the "Revolving Facility"), including a letter of credit subfacility of up to $550 million.</td></tr>
<tr><td>Purpose</td><td>The proceeds shall be used

(a) to refinance the Existing DIP Facilities,

(b) to repay the CalGen Secured Debt, and

(c) for working capital and other general corporate purposes.</td></tr>
<tr><td>Maturity</td><td>The earlier of

(a) the effective date of a confirmed plan of reorganization (the "Effective Date"), and

(b) the second anniversary of the Closing Date.

If the Facilities are converted to an exit facility, the final maturity will be seven (7) years from the Closing Date.</td></tr>
<tr><td>Voluntary Prepayment Penalty</td><td>None.</td></tr>
<tr><td>Interest Rates</td><td>LIBOR plus the Applicable Margin, based on the following schedule:

<table><tr><th>S&P/Moody's Ratings</th><th>Applicable Margin</th></tr><tr><td>BB-/Ba3
(with stable outlook)</td><td>2.00%</td></tr><tr><td>B+/B1
(with stable outlook)</td><td>2.25%</td></tr><tr><td>B/B2
(with stable outlook)</td><td>2.75%</td></tr><tr><td>B-/B3 or lower</td><td>3.50%</td></tr></table>
After the Conversion Date, the Applicable Margin will be determined based on Calpine's corporate credit rating and the Applicable Margin for the Revolving Facility shall be</td></tr>
</table>

	determined pursuant to a pricing grid to be agreed upon.
Financial Covenants	Prior to the Conversion Date, covenants generally consistent with the Existing DIP Facilities, subject to certain modifications as may be agreed upon. After the Conversion Date, usual and customary financial covenants, including (a) minimum interest coverage ratios; (b) maximum ratios of the Facilities Debt to EBITDA; and (c) maximum ratios of Total Net Debt to EBITDA, in each case to be agreed upon.
Ability to Secure Hedging Obligations	The Loan Parties shall be permitted to grant first priority liens in the property securing the obligations under the Facilities to secure obligations under "right way risk" transactions and/or commodity or interest rate hedging contracts (the "Hedging Obligations"). Such liens will rank *pari passu* with the first priority liens granted to secure the obligations under the Facilities.
Incremental Term Facility	Calpine may expand the Facilities by up to $2.0 billion in order to refinance secured project debt or project preferred securities, subject to certain restrictions, terms and conditions.
Exit Conditions	The following key conditions must be satisfied in order to convert to an exit facility: (a) the occurrence of the Effective Date, (b) the Borrower shall have obtained corporate credit ratings and ratings on the Facility from S&P and Moody's, (c) the Agent shall have received five-year projections from the Effective Date demonstrating *pro forma* covenant compliance and certain other *pro forma* financial statements and reports, (d) the Debtors shall have at least $250 million in liquidity, and (e) compliance with all financial covenants and no event of default on a *pro forma* basis after giving effect to the occurrence of the Effective Date.

9. The Debtors expect to realize approximately $100 million in annual savings as a result of using the lower interest rate Replacement DIP Facility funds to refinance the higher

interest rate Existing DIP Facility and to repay the higher interest rate CalGen Secured Debt. More specifically, through the Replacement DIP Facility, the Debtors seek to borrow $5.0 billion at an interest rate of 7.61%—which is based on current LIBOR of 5.36% and assumes Calpine obtains a B+/B1 corporate rating in connection with the Proposed Refinancing. Therefore, using 7.61% Replacement DIP Facility funds to refinancing $2.0 billion of 8.66% Existing DIP Facility funds will save the Debtors approximately $11 million annually, and using 7.61% Replacement DIP Facility funds to repay $2.516 billion of 11.25% CalGen Secured Debt will save the Debtors approximately $92 million annually. In addition, the Debtors expect to save another approximately $5 million per year by being released of the burden of payment of the CalGen Lenders' professionals fees.

10. Another attractive component of the Replacement DIP Facility is the ability to grant security in respect of Hedging Obligations (as described in the summary of terms above, "Hedging Liens"), an ability which is not permitted under the Existing DIP Facility. Currently, the Debtors are satisfying hedging collateral requirements by posting cash and, to a lesser degree, letters of credit under the Existing DIP Facility, both of which reduce the Debtors' corporate liquidity. Given the significant collateral requirements of forward hedging, the Debtors' participation in the commodities market is constrained. The ability for the Debtors to grant Hedging Liens is expected to both mitigate the cash collateral requirements of forward hedging and increase the universe of counter-parties willing to transact with the Debtors. This should allow the Debtors to more actively participate in the commodities market and better manage the forward-risk profile of its assets without unduly constraining corporate liquidity.

11. The Replacement DIP Facility will allow the Debtors flexibility as they begin to formulate a plan of reorganization because the size of the Replacement DIP Facility can be

increased to allow for the repayment of other prepetition secured debt. Also, while the Debtors are not obligated to convert the Replacement DIP Facility into exit financing if circumstances change and the Debtors can obtain more favorable terms that those proposed in the Replacement DIP Agreement, the existence of the option to convert the Replacement DIP Facility to an exit financing mitigates the time required to source exit financing and gives the Debtors a more stable basis from which to develop and negotiate a reorganization plan. Another advantage to the Replacement DIP Facility is that it extends the Debtors' postpetition financing beyond December 31, 2007, the date on which the Existing DIP Facility terminates. The Replacement DIP Facility therefore relieves pressure on the Debtors to refinance or amend the Existing DIP Facility to extend its maturity, something the Debtors would need to explore in the near future absent the Proposed Refinancing to prepare for the possibility they may not have emerged from Chapter 11 by the end of 2007. Finally, by repaying the CalGen Secured Debt with Replacement DIP Facility funds, the Debtors are increasing their ability to effectuate their emergence from the Chapter 11 Cases, as they will have seven fewer tranches of debt (representing at least three separate classes for voting purposes) and significantly fewer constituents and professionals with whom to negotiate.

12. The capital markets are currently ripe for the Proposed Refinancing. New issuance volumes for leveraged loans are at record highs ($480 billion in 2006) while default rates are at record lows (0.48% by principal amount and 0.79% by number of loans in 2006). As a result, interest rate spreads for B and BB-rated issuances also reached their lowest levels since 1998 during 2006 and remain near those lows today. Moreover, the continued healthy demand for new issues allows borrowers to obtain key structural benefits within the governing covenants. But there is no guarantee, of course, that these favorable conditions will continue indefinitely.

Lenders generally will not agree to underwrite financing deals based on current market factors and then hold those commitments in place without regard for evolving circumstances. The Proposed Refinancing, which expires on March 30, 2007, allows the Debtors to capitalize on these presently-available benefits—and to do so at this stage of their Chapter 11 Cases.

Dated: January 26, 2007

Respectfully submitted,

Samuel M. Greene
Managing Director
Miller Buckfire & Co. LLC
Financial Advisor and Investment Banker
to the Debtors

Sworn to and subscribed before
me this 26th day of January 2007.

Notary Public: Michelle Nunns

My Commission Expires: Nov 1 2008

MICHELLE NUNNS
Notary Public, State of New York
No. 01NU6117939
Qualified in New York County
Commission Expires November 1, 2008

EXHIBIT D

Execution Version

CALPINE GENERATING COMPANY, LLC

AND

CALGEN FINANCE CORP.

and each of the Guarantors named herein

FIRST PRIORITY SECURED FLOATING RATE NOTES DUE 2009

FIRST PRIORITY INDENTURE

Dated as of March 23, 2004

WILMINGTON TRUST FSB

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	*Indenture Section*
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	10.03
(b)(2)	7.06; 7.07
(c)	7.06; 10.03; 12.02
(d)	7.06
314(a)	4.03;12.02; 12.05
(b)	10.02
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	10.03, 10.04, 10.05
(e)	12.05
(f)	N.A.
315(a)	7.01
(b)	7.05,12.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	12.01
(b)	N.A.
(c)	12.01

N.A. means not applicable.
* This Cross Reference Table is not part of the Indenture.

NY\876767.3

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 12 of this Indenture. Notices of redemption may not be conditional.

The notice will identify the Note(s) to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is to be redeemed in part only, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuers default in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05 *Deposit of Redemption or Purchase Price.*

Not less than one Business Day prior to the redemption or purchase price date, the Issuers will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Special Interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Special Interest, if any, on, all Notes to be redeemed or purchased.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuers to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Issuers will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder, at the expense of the Company, a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

The Issuers may not redeem all or any part of the Notes prior to April 1, 2007. On or after April 1, 2007, the Issuers may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below, subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2007	102.5%
2008, and thereafter	100.0%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

Section 3.08 *Mandatory Redemption.*

This Section 5.01 will not apply to (A) a merger of the Company with an Affiliate solely for the purpose of reconstituting the Company in another jurisdiction or (B) any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and the Guarantors.

Notwithstanding the foregoing, the Company is permitted to reorganize as a corporation in accordance with the procedures established herein, *provided*, that the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that such reorganization is not adverse to Holders (it being recognized that such reorganization shall not be deemed adverse to the Holders solely because (i) of the accrual of deferred tax liabilities resulting from such reorganization or (ii) the successor or surviving corporation (a) is subject to income tax as a corporate entity or (b) is considered to be an "includable corporation" of an affiliated group of corporations within the meaning of the Internal Revenue Code of 1986, as amended or any similar state or local law), and the Company delivers to the Trustee such other certificates and other documents reasonably requested by the Trustee in connection therewith.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole in a transaction that is subject to, and that complies with the provisions of, Section 5.01, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01.

ARTICLE 6.
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest on, or Special Interest, if any, with respect to, any of the Notes;

(2) default in the payment when due of the principal of, or premium, if any, on any of the Notes ;

(3) failure by the Company or any of its Subsidiaries to comply with the covenants contained in Sections 3.09, 4.10, 4.15 and 4.19;

(4) failure by the Company or any of its Subsidiaries for 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes to comply with any of the agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries), whether such Indebtedness or guarantee existed on the Closing Date or is created after the Closing Date, if that default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Company or the applicable Subsidiary becoming aware of such default;

(6) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $25.0 million (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(7) the repudiation by CalGen Holdings, the Company or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against CalGen Holdings, the Company or any of its Subsidiaries for any reason; *provided*, that such repudiation or unenforceability relates to Collateral with a Fair Market Value of $25.0 million or more;

(8) except as permitted by this Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee, and such condition shall not have been cured within 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes;

(9) breach by any Person (other than the Company or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the Closing Date (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by an Officer's Certificate of the chief financial officer of the Company), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that (a) an agreement will be considered substantially similar if it would not be Materially Adverse and (b) the use of an Affiliate of the Company as the counterparty under an agreement replacing the Index Hedge will not by itself be considered Materially Adverse), within 60 days (or 120 days with respect to the Index Hedge) thereafter; and

(10) the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, pursuant to or within the meaning of Bankruptcy Law:

(a) commences a voluntary case,

(b) consents to the entry of an order for relief against it in an involuntary case,

(c) consents to the appointment of a custodian of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) generally is not paying its debts as they become due; or

(11) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, in an involuntary case;

(b) appoints a custodian of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary; or

(c) orders the liquidation of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (10) or (11) of Section 6.01, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium or Special Interest, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest and Special Interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Special Interest, if any, or interest on, the Notes (including in connection with an offer to purchase). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Subject to the provisions of the Collateral Trust Agreement, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

Except to enforce the right to receive payment of principal, premium, if any, or interest or Special Interest, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested that the Trustee pursue the remedy;

(3) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the Notes then outstanding have not given the Trustee a direction inconsistent with such request within such 60-day period.

THE NOTES ISSUED UNDER THIS SECOND PRIORITY INDENTURE ARE ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND ARE SUBJECT TO TREASURY REGULATIONS REGARDING THE REPORTING OF ORIGINAL ISSUE DISCOUNT. HOLDERS MAY CONTACT THE CHIEF FINANCIAL OFFICER OF THE COMPANY AT 50 WEST SAN FERNANDO STREET, 5TH FLOOR, SAN JOSE, CALIFORNIA 95113, WHO WILL PROVIDE UPON REQUEST INFORMATION RELATING TO ORIGINAL ISSUE DISCOUNT, INCLUDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE, AND THE YIELD TO MATURITY.

CALPINE GENERATING COMPANY, LLC

AND

CALGEN FINANCE CORP.

and each of the Guarantors named herein

SECOND PRIORITY SECURED FLOATING RATE NOTES DUE 2010

SECOND PRIORITY INDENTURE

Dated as of March 23, 2004

WILMINGTON TRUST FSB

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	*Indenture Section*
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	10.03
(b)(2)	7.06; 7.07
(c)	7.06; 10.03; 12.02
(d)	7.06
314(a)	4.03;12.02; 12.05
(b)	10.02
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	10.03, 10.04, 10.05
(e)	12.05
(f)	N.A.
315(a)	7.01
(b)	7.05,12.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	12.01
(b)	N.A.
(c)	12.01

N.A. means not applicable.
* This Cross Reference Table is not part of the Indenture.

Upon surrender of a Note that is redeemed or purchased in part, the Issuers will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder, at the expense of the Company, a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

The Issuers may not redeem all or any part of the Notes prior to April 1, 2008. On or after April 1, 2008, the Issuers may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below, subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2008	103.5%
2009, and thereafter	100.0%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

Section 3.08 *Mandatory Redemption.*

The Issuers are not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 *Offer to Purchase by Application of Net Proceeds.*

In the event that, pursuant to Section 4.10, the Issuers are required or elect to commence an Asset Sale Offer, they will follow the procedures specified below.

Within 30 days following the receipt by the Company or any of its Subsidiaries of Net Proceeds from an Asset Sale, Casualty Event or Condemnation Event, in the case of an Asset Sale Offer described in clause (1) of the second paragraph of Section 4.10, or upon completion of a prior required Asset Sale Offer (and any associated mandatory purchase, prepayment or redemption), in the case of an Asset Sale Offer described in clause (2) or (3) of the second paragraph of Section 4.10, the Issuers will mail a notice to the Trustee and each Holder regarding such Asset Sale Offer. The notice will contain all instructions and materials necessary to enable the Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10;

(2) the amount of Net Proceeds being offered to purchase Notes and other Second Priority Lien Obligations (the "*Offer Amount*"), the purchase price and the date on which the purchase will be made (the "*Purchase Date*"), which date will be no earlier than 30 and no later than 60 days from the date the notice is mailed;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of $1,000 only;

(6) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, the Depositary or the Paying Agent at the address specified in the notice at least three Business Days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than two Business Days before the Purchase Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other Second Priority Lien Obligations tendered in the Asset Sale Offer (or required to be purchased, prepaid or redeemed) exceeds the Offer Amount, the Company will select the Notes and other Second Priority Lien Obligations to be purchased, prepaid or redeemed on a *pro rata* basis based on the principal amount of Notes and such other Second Priority Lien Obligations tendered (or required to be purchased, prepaid or redeemed), with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000, or integral multiples thereof, will be purchased, prepaid or redeemed; and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes and other Second Priority Lien Obligations or portions thereof tendered pursuant to the Asset Sale Offer (or required to be purchased, prepaid or redeemed), or if less than the Offer Amount has been tendered (or is required to be purchased, prepaid or redeemed), all Notes and other Second Priority Lien Obligations tendered (or required to be purchased, prepaid or redeemed), and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 3.09. Payment for any Notes so purchased will be made in the same manner as interest payments are made. The Issuers, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase, and the Issuers will promptly issue a new Note, and the Trustee, upon written request from the Issuers, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers will publicly announce the results of the Asset Sale Offer on the Purchase Date.

(d) Section 4.13 (Business Activities); and

(f) clause (9) under Section 6.01 (Events of Default).

Notwithstanding the foregoing, if the rating assigned to the Third Priority Notes by either Moody's or S&P should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants (and the Event of Default) will be reinstituted with respect to the Notes as of and from the date of such rating decline. Calculations under reinstated Section 4.07 will be made as if such covenant had been in effect since the Closing Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while such covenant was suspended.

ARTICLE 5.
SUCCESSORS

Section 5.01 *Merger, Consolidation, or Sale of Assets.*

The Company will not, directly or indirectly:

(1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or

(2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole, in one or more related transactions, to another Person; or

(3) lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

This Section 5.01 will not apply to (A) a merger of the Company with an Affiliate solely for the purpose of reconstituting the Company in another jurisdiction or (B) any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Company and the Guarantors.

Notwithstanding the foregoing, the Company is permitted to reorganize as a corporation in accordance with the procedures established herein, *provided*, that the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that such reorganization is not adverse to Holders (it being recognized that such reorganization shall not be deemed adverse to the Holders solely because (i) of the accrual of deferred tax liabilities resulting from such reorganization or (ii) the successor or surviving corporation (a) is subject to income tax as a corporate entity or (b) is considered to be an "includable corporation" of an affiliated group of corporations within the meaning of the Internal Revenue Code of 1986, as amended or any similar state or local law), and the Company delivers to the Trustee such other certificates and other documents reasonably requested by the Trustee in connection therewith.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole in a transaction that is subject to, and that complies with the provisions of, Section 5.01, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or

other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01.

ARTICLE 6.
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest on, or Special Interest, if any, with respect to, any of the Notes;

(2) default in the payment when due of the principal of, or premium, if any, on any of the Notes;

(3) failure by the Company or any of its Subsidiaries to comply with the covenants contained in Sections 3.09, 4.10, 4.15 and 4.19;

(4) failure by the Company or any of its Subsidiaries for 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes to comply with any of the agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries), whether such Indebtedness or guarantee existed on the Closing Date or is created after the Closing Date, if that default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Company or the applicable Subsidiary becoming aware of such default;

(6) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $25.0 million (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(7) the repudiation by CalGen Holdings, the Company or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against CalGen Holdings, the Company or any of its Subsidiaries for any reason; *provided*, that such repudiation or unenforceability relates to Collateral with a Fair Market Value of $25.0 million or more;

(8) except as permitted by this Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee, and such condition shall not have been cured within 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes;

(9) breach by any Person (other than the Company or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the Closing Date (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by an Officer's Certificate of the chief financial officer of the Company), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that (a) an agreement will be considered substantially similar if it would not be Materially Adverse and (b) the use of an Affiliate of the Company as the counterparty under an agreement replacing the Index Hedge will not by itself be considered Materially Adverse), within 60 days (or 120 days with respect to the Index Hedge) thereafter; and

(10) the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, pursuant to or within the meaning of Bankruptcy Law:

(a) commences a voluntary case,

(b) consents to the entry of an order for relief against it in an involuntary case,

(c) consents to the appointment of a custodian of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) generally is not paying its debts as they become due; or

(11) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, in an involuntary case;

(b) appoints a custodian of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary; or

(c) orders the liquidation of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (10) or (11) of Section 6.01, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium or Special Interest, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest and Special Interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Special Interest, if any, or interest on, the Notes (including in connection with an offer to purchase). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Subject to the provisions of the Collateral Trust Agreement, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any

CALPINE GENERATING COMPANY, LLC

AND

CALGEN FINANCE CORP.

and each of the Guarantors named herein

THIRD PRIORITY SECURED FLOATING RATE NOTES DUE 2011

11½% THIRD PRIORITY SECURED NOTES DUE 2011

THIRD PRIORITY INDENTURE

Dated as of March 23, 2004

WILMINGTON TRUST FSB

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	*Indenture Section*
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(1)	10.03
(b)(2)	7.06; 7.07
(c)	7.06; 10.03; 12.02
(d)	7.06
314(a)	4.03;12.02; 12.05
(b)	10.02
(c)(1)	12.04
(c)(2)	12.04
(c)(3)	N.A.
(d)	10.03, 10.04, 10.05
(e)	12.05
(f)	N.A.
315(a)	7.01
(b)	7.05,12.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	12.01
(b)	N.A.
(c)	12.01

N.A. means not applicable.
* This Cross Reference Table is not part of the Indenture.

to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 12 of this Indenture. Notices of redemption may not be conditional.

The notice will identify the Note(s) to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is to be redeemed in part only, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuers default in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least 45 days prior to the redemption date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05 *Deposit of Redemption or Purchase Price.*

Not less than one Business Day prior to the redemption or purchase price date, the Issuers will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Special Interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Special Interest, if any, on, all Notes to be redeemed or purchased.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuers to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Issuers will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder, at the expense of the Company, a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

The Notes are not redeemable at the option of the Issuers.

Section 3.08 *Mandatory Redemption.*

The Issuers are not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 *Offer to Purchase by Application of Net Proceeds.*

In the event that, pursuant to Section 4.10, the Issuers are required or elect to commence an Asset Sale Offer, they will follow the procedures specified below.

Within 30 days following the receipt by the Company or any of its Subsidiaries of Net Proceeds from an Asset Sale, Casualty Event or Condemnation Event, in the case of an Asset Sale Offer described in clause (1) of the second paragraph of Section 4.10, or upon completion of a prior required Asset Sale Offer (and any associated mandatory purchase, prepayment or redemption), in the case of an Asset Sale Offer described in clause (2) or (3) of the second paragraph of Section 4.10, the Issuers will mail a notice

the principal of and interest on the Notes except in the case of a sale of all of the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01.

ARTICLE 6.
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest on, or Special Interest, if any, with respect to, any of the Notes;

(2) default in the payment when due of the principal of, or premium, if any, on any of the Notes ;

(3) failure by the Company or any of its Subsidiaries to comply with the covenants contained in Sections 3.09, 4.10, 4.15 and 4.19;

(4) failure by the Company or any of its Subsidiaries for 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes to comply with any of the agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Subsidiaries (or the payment of which is guaranteed by the Company or any of its Subsidiaries), whether such Indebtedness or guarantee existed on the Closing Date or is created after the Closing Date, if that default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Company or the applicable Subsidiary becoming aware of such default;

(6) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $25.0 million (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(7) the repudiation by CalGen Holdings, the Company or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against CalGen Holdings, the Company or any of its Subsidiaries for any reason;

provided, that such repudiation or unenforceability relates to Collateral with a Fair Market Value of $25.0 million or more;

(8) except as permitted by this Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee, and such condition shall not have been cured within 30 days after written notice from the Trustee or the Holders of at least 25% in aggregate principal amount of outstanding Notes;

(9) breach by any Person (other than the Company or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the Closing Date (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by an Officer's Certificate of the chief financial officer of the Company), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that (a) an agreement will be considered substantially similar if it would not be Materially Adverse and (b) the use of an Affiliate of the Company as the counterparty under an agreement replacing the Index Hedge will not by itself be considered Materially Adverse), within 60 days (or 120 days with respect to the Index Hedge) thereafter; and

(10) the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, pursuant to or within the meaning of Bankruptcy Law:

(a) commences a voluntary case,

(b) consents to the entry of an order for relief against it in an involuntary case,

(c) consents to the appointment of a custodian of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) generally is not paying its debts as they become due; or

(11) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, in an involuntary case;

(b) appoints a custodian of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary, or for all or substantially all of the property of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary; or

(c) orders the liquidation of the Company, any of its Subsidiaries that is a Significant Subsidiary or any group of its Subsidiaries that taken together would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (10) or (11) of Section 6.01, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium or Special Interest, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest and Special Interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Special Interest, if any, or interest on, the Notes (including in connection with an offer to purchase). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Subject to the provisions of the Collateral Trust Agreement, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

Except to enforce the right to receive payment of principal, premium, if any, or interest or Special Interest, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested that the Trustee pursue the remedy;

(3) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the Notes then outstanding have not given the Trustee a direction inconsistent with such request within such 60-day period.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium and Special Interest, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided*, that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and Special Interest, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor

EXECUTION VERSION

$600,000,000

FIRST PRIORITY SECURED INSTITUTIONAL TERM LOANS DUE 2009

CREDIT AND GUARANTEE AGREEMENT

Dated as of March 23, 2004

among

CALPINE GENERATING COMPANY, LLC
The Borrower

THE GUARANTORS PARTY HERETO FROM TIME TO TIME
The Guarantors

THE LENDERS PARTY HERETO FROM TIME TO TIME
The Lenders

MORGAN STANLEY SENIOR FUNDING, INC.
Administrative Agent

and

MORGAN STANLEY SENIOR FUNDING, INC.
Sole Lead Arranger and Sole Bookrunner

otherwise prejudice or limit any rights or remedies of the Administrative Agent, the Collateral Agent or any Lender.

SECTION 2.08. *Fees*. The Borrower agrees to pay to each Agent such fees in the amounts and at the times separately agreed upon by the Borrower and such Agent in writing.

SECTION 2.09. *Payments*. The principal amounts of the First Priority Term Loans (reduced in connection with any voluntary or mandatory prepayments of the First Priority Term Loans, in accordance with Sections 2.10 (Voluntary Prepayments) and 2.11 (Mandatory Repayment Offers), as applicable) shall be repaid by the Borrower in accordance with the repayment schedule set forth on Schedule 2.09, with any remaining unpaid principal, interest, fees and costs due and payable in full on the Maturity Date.

SECTION 2.10. *Voluntary Prepayments*.

(a) Voluntary Prepayments.

(i) The Borrower may not voluntarily prepay First Priority Term Loans except as provided in clause (b) below. In the event of any voluntary prepayment in accordance with clause (b), the Borrower may prepay any such First Priority Term Loans on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 (or the remaining amount outstanding) in excess of that amount.

(ii) All such prepayments shall be made:

(A) upon not less than one Business Day's prior written, email or telephonic notice in the case of Base Rate Loans; and

(B) upon not less than three Business Days' prior written, email or telephonic notice in the case of LIBOR Rate Loans;

in each case given to the Administrative Agent by 1:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent (and the Administrative Agent will promptly transmit such telephonic or original notice, by telefacsimile or telephone to each Lender). Upon the giving of any such notice, the principal amount of the First Priority Term Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any prepayment of any First Priority Term Loan pursuant to this Section shall be applied in inverse order of maturities and otherwise in accordance with Section 2.12 (General Provisions Regarding Payments).

(b) First Priority Term Loan Call Protection.

(i) The First Priority Term Loans may not be voluntarily prepaid at any time on or prior to April 1, 2007;

(ii) The Borrower may, at its option, upon notice as provided in clause (a) above, prepay at any time all, or from time to time any part of, the First Priority Term Loans, if such prepayment is after April 1, 2007 but on or before April 1, 2008, in an amount equal to 102.5% of the principal amount so prepaid, *plus* all other amounts owed hereunder in connection with such prepayment, including amounts payable under Sections 2.05 (Interest) and 2.14 (Making or Maintaining First Priority Term Loans) hereof; and

(iii) Subject to clause (a) above, First Priority Term Loans may be prepaid at any time without premium or penalty after April 1, 2008.

SECTION 2.11. *Mandatory Repayment Offers.*

(a) In the event that, pursuant to Section 5.07 (Asset Sales; Application of Net Proceeds) or Section 5.12 (Offer to Prepay Upon Change of Control), the Borrower shall elect to repay or be required to offer to prepay First Priority Term Loans, then the Borrower shall make an offer to each Lender (a "Mandatory Repayment Offer") in accordance with the following the procedures specified below:

(i) The Mandatory Repayment Offer shall be made by the Borrower within 30 days following (A) the receipt by the Borrower or any of its Subsidiaries of Net Proceeds from an Asset Sale, Casualty Event or Condemnation Event or (B) a Change of Control, as applicable, and shall remain open until 5:00 p.m. (New York City time) on the date specified in such Mandatory Repayment Offer, which date shall be no earlier than 30 days and no later than 60 days from the date such Mandatory Repayment Offer was made, except to the extent that a longer period is required by applicable law (the "Offer Period");

(ii) The Borrower shall make the Mandatory Repayment Offer by sending a notice to the Administrative Agent (for delivery to each Lender). The notice shall contain all instructions and materials necessary to enable the Lenders to accept the Mandatory Repayment Offer for all of their First Priority Term Loans pursuant to the Mandatory Repayment Offer. The Mandatory Repayment Offer shall be made to all Lenders. The notice, which shall govern the terms of the Mandatory Repayment Offer, shall state:

(A) that the Mandatory Repayment Offer is being made pursuant to this Section 2.11 and Section 5.07 (Asset Sales; Application of Net Proceeds) or Section 5.12 (Offer to Prepay Upon Change of Control), as applicable, and the date on which the Mandatory Repayment Offer shall end;

(B) the total amount the Borrower is offering to prepay (the "Offer Amount") and the Repayment Date therefor;

(C) that, unless the Borrower defaults in making such payment, any First Priority Term Loan with respect to which a Lender accepts the Mandatory Repayment Offer shall cease to accrue interest from and after the Repayment Date;

SECTION 6.02. *Successor Corporation Substituted.* Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower in a transaction that is subject to, and that complies with the provisions of, Section 6.01 (Merger, Consolidation, or Sale of Assets), the successor corporation formed by such consolidation or into or with which the Borrower is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement referring to the "Borrower" shall refer instead to the successor corporation and not to the Borrower), and may exercise every right and power of the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower herein; *provided, however*, that the predecessor Borrower shall not be relieved from the obligation to pay the principal of and interest on or other amounts in respect of the First Priority Term Loans.

ARTICLE VII.

DEFAULTS AND REMEDIES

SECTION 7.01. *Events of Default.*

Each of the following is an "Event of Default":

(a) default for 30 days in the payment when due of interest on the First Priority Term Loans;

(b) default in payment when due of the principal of, or premium, if any, on the First Priority Term Loans;

(c) failure by the Borrower or any of its Subsidiaries to comply with Section 5.07 (Asset Sales; Application of Net Proceeds), 5.12 (Offer to Prepay Upon Change of Control) or 5.16 (Deposit of Revenues);

(d) failure by Holdings, the Borrower or any of its Subsidiaries for 30 days after written notice from the Administrative Agent or the Lenders holding at least 50% in outstanding aggregate principal amount of the First Priority Term Loans then outstanding to comply with any of the agreements in this Agreement or the other First Priority Term Loan Documents;

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Borrower or any of its Subsidiaries (or the payment of which is guaranteed by the Borrower or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Agreement, if that default:

(i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25,000,000 or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Borrower or the applicable Subsidiary becoming aware of such default;

(f) failure by the Borrower or any of its Subsidiaries to pay final judgments aggregating in excess of $25,000,000 (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(g) the repudiation by Holdings, the Borrower or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against Holdings, the Borrower or any of its Subsidiaries for any reason; *provided* that such repudiation or unenforceability relates to Collateral having a Fair Market Value of $25,000,000 or more;

(h) except as permitted by this Agreement, any First Priority Term Loan Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its First Priority Term Loan Guarantee, and such condition shall not have been cured within 30 days after written notice from the trustee or the holders of at least 50% in aggregate principal amount of outstanding First Priority Term Loans;

(i) breach by any Person (other than the Borrower or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the date of this Agreement (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by a certificate of the chief financial officer of the Borrower), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that (a) an agreement will be considered substantially similar if it would not be Materially Adverse and (b) the use of an Affiliate of the Borrower as the counterparty under an agreement replacing the Index Hedge will not by itself be considered Materially Adverse), within 60 days thereafter (or 120 days with respect to the Interest Hedge); and

(j) the Borrower, any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together would constitute a Significant Subsidiary, suffer a Bankruptcy Event.

SECTION 7.02. *Acceleration.* In the case of an Event of Default specified in clause (j) of Section 7.01 (Events of Default), with respect to the Borrower or any of its Subsidiaries, the

outstanding First Priority Term Loans shall become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Administrative Agent or the Requisite Lenders may declare all the First Priority Term Loans to be due and payable immediately. Upon any such declaration, the First Priority Term Loans shall become due and payable immediately.

SECTION 7.03. *Other Remedies.*

(a) Subject to the Collateral Trust Agreement, if an Event of Default occurs and is continuing, the Administrative Agent may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the First Priority Term Loan Obligations or to enforce the performance of this Agreement and any other First Priority Term Loan Document.

(b) The Administrative Agent may maintain a proceeding even if it does not possess any of the First Priority Term Loan Obligations. A delay or omission by the Administrative Agent or any Lender in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 7.04. *Waiver of Past Defaults; Rescission.* The Requisite Lenders by notice to the Administrative Agent may on behalf of the Lenders waive an existing Default or Event of Default and its consequences hereunder. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. The Requisite Lenders, by written notice to the Administrative Agent, may on behalf of all of the Lenders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

SECTION 7.05. *Control by Majority.* The Requisite Lenders may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Administrative Agent or exercising any trust or power conferred on it. However, the Administrative Agent may refuse to follow any direction that conflicts with law, this Agreement, the other First Priority Term Loan Documents, that the Administrative Agent determines may be unduly prejudicial to the rights of other Lenders, that may involve the Administrative Agent in personal liability, or that is inconsistent with the Collateral Trust Agreement.

SECTION 7.06. *Collection Suit by Administrative Agent.* If an Event of Default specified in Section 7.01(a) or (b) (Events of Default) occurs and is continuing, the Administrative Agent is authorized to recover judgment in its own name and as trustee of an express trust against the Borrower for the whole amount of principal of, premium, if any, and interest remaining unpaid on the First Priority Term Loans and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Administrative Agent, its agents and counsel.

EXECUTION VERSION

THE LOANS TO BE MADE HEREUNDER SHALL BE ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND ARE SUBJECT TO TREASURY REGULATIONS REGARDING THE REPORTING OF ORIGINAL ISSUE DISCOUNT. FURTHER INFORMATION MAY BE OBTAINED BY SUBMITTING A REQUEST TO THE CHIEF FINANCIAL OFFICER OF THE COMPANY AT 50 WEST SAN FERNANDO STREET, 5TH FLOOR, SAN JOSE, CALIFORNIA 95113.

$100,000,000

SECOND PRIORITY SECURED INSTITUTIONAL TERM LOANS DUE 2010

CREDIT AND GUARANTEE AGREEMENT

Dated as of March 23, 2004

among

CALPINE GENERATING COMPANY, LLC
The Borrower

THE GUARANTORS PARTY HERETO FROM TIME TO TIME
The Guarantors

THE LENDERS PARTY HERETO FROM TIME TO TIME
The Lenders

MORGAN STANLEY SENIOR FUNDING, INC.
Administrative Agent

and

MORGAN STANLEY SENIOR FUNDING, INC.
Sole Lead Arranger and Sole Bookrunner

the applicable Second Priority Term Loans or (b) in the case of any such fees and other amounts, at a rate that is 2% per annum in excess of the interest rate then otherwise payable under this Agreement for Base Rate Loans (the "Default Rate"); *provided* that if an Event of Default has occurred and is continuing on the expiration date of the Interest Period for any LIBOR Rate Loans, then such LIBOR Rate Loans shall thereupon become Base Rate Loans and shall thereafter bear interest payable upon demand at a rate that is 2% per annum in excess of the interest rate then otherwise payable under this Agreement for Base Rate Loans. Payment or acceptance of the increased rates of interest provided for in this Section 2.07 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent, the Collateral Agent or any Lender.

SECTION 2.08. *Fees*. The Borrower agrees to pay to each Agent such fees in the amounts and at the times separately agreed upon by the Borrower and such Agent in writing.

SECTION 2.09. *Payments*. The principal amounts of the Second Priority Term Loans (reduced in connection with any voluntary or mandatory prepayments of the Second Priority Term Loans, in accordance with Sections 2.10 (Voluntary Prepayments) and 2.11 (Mandatory Repayment Offers), as applicable) shall be repaid by the Borrower in accordance with the repayment schedule set forth on Schedule 2.09, with any remaining unpaid principal, interest, fees and costs due and payable in full on the Maturity Date.

SECTION 2.10. *Voluntary Prepayments*.

(a) Voluntary Prepayments.

(i) The Borrower may not voluntarily prepay Second Priority Term Loans except as provided in clause (b) below. In the event of any voluntary prepayment in accordance with clause (b), the Borrower may prepay any such Second Priority Term Loans on any Business Day in whole or in part, in an aggregate minimum amount of $5,000,000 and integral multiples of $1,000,000 (or the remaining amount outstanding) in excess of that amount.

(ii) All such prepayments shall be made:

(A) upon not less than one Business Day's prior written, email or telephonic notice in the case of Base Rate Loans; and

(B) upon not less than three Business Days' prior written, email or telephonic notice in the case of LIBOR Rate Loans;

in each case given to the Administrative Agent by 1:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent (and the Administrative Agent will promptly transmit such telephonic or original notice, by telefacsimile or telephone to each Lender). Upon the giving of any such notice, the principal amount of the Second Priority Term Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any prepayment of any Second Priority Term Loan pursuant to this Section shall be applied in inverse order of

maturities and otherwise in accordance with Section 2.12 (General Provisions Regarding Payments).

(b) Second Priority Term Loan Call Protection.

(i) The Second Priority Term Loans may not be voluntarily prepaid at any time on or prior to April 1, 2008;

(ii) The Borrower may, at its option, upon notice as provided in clause (a) above, prepay at any time all, or from time to time any part of, the Second Priority Term Loans, if such prepayment is after April 1, 2008 but on or before April 1, 2009, in an amount equal to 103.5% of the principal amount so prepaid, *plus* all other amounts owed hereunder in connection with such prepayment, including amounts payable under Sections 2.05 (Interest) and 2.14 (Making or Maintaining Second Priority Term Loans) hereof; and

(iii) Subject to clause (a) above, Second Priority Term Loans may be prepaid at any time without premium or penalty after April 1, 2009.

SECTION 2.11. *Mandatory Repayment Offers.*

(a) In the event that, pursuant to Section 5.07 (Asset Sales; Application of Net Proceeds) or Section 5.12 (Offer to Prepay Upon Change of Control), the Borrower shall elect to repay or be required to offer to prepay Second Priority Term Loans, then the Borrower shall make an offer to each Lender (a "Mandatory Repayment Offer") in accordance with the following the procedures specified below:

(i) The Mandatory Repayment Offer shall be made by the Borrower within 30 days following (A) the receipt by the Borrower or any of its Subsidiaries of Net Proceeds from an Asset Sale, Casualty Event or Condemnation Event or (B) a Change of Control, as applicable, and shall remain open until 5:00 p.m. (New York City time) on the date specified in such Mandatory Repayment Offer, which date shall be no earlier than 30 days and no later than 60 days from the date such Mandatory Repayment Offer was made, except to the extent that a longer period is required by applicable law (the "Offer Period");

(ii) The Borrower shall make the Mandatory Repayment Offer by sending a notice to the Administrative Agent (for delivery to each Lender). The notice shall contain all instructions and materials necessary to enable the Lenders to accept the Mandatory Repayment Offer for all of their Second Priority Term Loans pursuant to the Mandatory Repayment Offer. The Mandatory Repayment Offer shall be made to all Lenders. The notice, which shall govern the terms of the Mandatory Repayment Offer, shall state:

(A) that the Mandatory Repayment Offer is being made pursuant to this Section 2.11 and Section 5.07 (Asset Sales; Application of Net Proceeds) or Section 5.12 (Offer to Prepay Upon Change of Control), as applicable, and the date on which the Mandatory Repayment Offer shall end;

reorganization shall not be deemed adverse to the Lenders solely because (i) of the accrual of deferred tax liabilities resulting from such reorganization or (ii) the successor or surviving corporation (A) is subject to income tax as a corporate entity or (B) is considered to be an "includable corporation" of an affiliated group of corporations within the meaning of the Code or any similar state or local law).

SECTION 6.02. *Successor Corporation Substituted.* Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower in a transaction that is subject to, and that complies with the provisions of, Section 6.01 (Merger, Consolidation, or Sale of Assets), the successor corporation formed by such consolidation or into or with which the Borrower is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement referring to the "Borrower" shall refer instead to the successor corporation and not to the Borrower), and may exercise every right and power of the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower herein; *provided, however*, that the predecessor Borrower shall not be relieved from the obligation to pay the principal of and interest on or other amounts in respect of the Second Priority Term Loans.

ARTICLE VII.

DEFAULTS AND REMEDIES

SECTION 7.01. *Events of Default.*

Each of the following is an "Event of Default":

(a) default for 30 days in the payment when due of interest on the Second Priority Term Loans;

(b) default in payment when due of the principal of, or premium, if any, on the Second Priority Term Loans;

(c) failure by the Borrower or any of its Subsidiaries to comply with Section 5.07 (Asset Sales; Application of Net Proceeds), 5.12 (Offer to Prepay Upon Change of Control) or 5.16 (Deposit of Revenues);

(d) failure by Holdings, the Borrower or any of its Subsidiaries for 30 days after written notice from the Administrative Agent or the Lenders holding at least 50% in outstanding aggregate principal amount of the Second Priority Term Loans then outstanding to comply with any of the agreements in this Agreement or the other Second Priority Term Loan Documents;

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Borrower or any of its Subsidiaries (or the payment of which is guaranteed by the Borrower or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Agreement, if that default:

(i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25,000,000 or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Borrower or the applicable Subsidiary becoming aware of such default;

(f) failure by the Borrower or any of its Subsidiaries to pay final judgments aggregating in excess of $25,000,000 (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(g) the repudiation by Holdings, the Borrower or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against Holdings, the Borrower or any of its Subsidiaries for any reason; *provided* that such repudiation or unenforceability relates to Collateral having a Fair Market Value of $25,000,000 or more;

(h) except as permitted by this Agreement, any Second Priority Term Loan Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Second Priority Term Loan Guarantee, and such condition shall not have been cured within 30 days after written notice from the trustee or the holders of at least 50% in aggregate principal amount of outstanding Second Priority Term Loans;

(i) breach by any Person (other than the Borrower or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the date of this Agreement (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by a certificate of the chief financial officer of the Borrower), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that (a) an agreement will be considered substantially similar if it would not be Materially Adverse and (b) the use of an Affiliate of the Borrower as the counterparty under an agreement replacing the Index Hedge will not by itself be considered Materially Adverse), within 60 days thereafter (or 120 days with respect to the Interest Hedge); and

(j) the Borrower, any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together would constitute a Significant Subsidiary, suffer a Bankruptcy Event.

SECTION 7.02. *Acceleration.* In the case of an Event of Default specified in clause (j) of Section 7.01 (Events of Default), with respect to the Borrower or any of its Subsidiaries, the outstanding Second Priority Term Loans shall become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Administrative Agent or the Requisite Lenders may declare all the Second Priority Term Loans to be due and payable immediately. Upon any such declaration, the Second Priority Term Loans shall become due and payable immediately.

SECTION 7.03. *Other Remedies.*

(a) Subject to the Collateral Trust Agreement, if an Event of Default occurs and is continuing, the Administrative Agent may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Second Priority Term Loan Obligations or to enforce the performance of this Agreement and any other Second Priority Term Loan Document.

(b) The Administrative Agent may maintain a proceeding even if it does not possess any of the Second Priority Term Loan Obligations. A delay or omission by the Administrative Agent or any Lender in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 7.04. *Waiver of Past Defaults; Rescission.* The Requisite Lenders by notice to the Administrative Agent may on behalf of the Lenders waive an existing Default or Event of Default and its consequences hereunder. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Agreement; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. The Requisite Lenders, by written notice to the Administrative Agent, may on behalf of all of the Lenders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

SECTION 7.05. *Control by Majority.* The Requisite Lenders may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Administrative Agent or exercising any trust or power conferred on it. However, the Administrative Agent may refuse to follow any direction that conflicts with law, this Agreement, the other Second Priority Term Loan Documents, that the Administrative Agent determines may be unduly prejudicial to the rights of other Lenders, that may involve the Administrative Agent in personal liability, or that is inconsistent with the Collateral Trust Agreement.

SECTION 7.06. *Collection Suit by Administrative Agent.* If an Event of Default specified in Section 7.01(a) or (b) (Events of Default) occurs and is continuing, the Administrative Agent is authorized to recover judgment in its own name and as trustee of an express trust against the

$200,000,000

FIRST PRIORITY SECURED REVOLVING LOANS

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of March 23, 2004

among

CALPINE GENERATING COMPANY, LLC
The Borrower

THE GUARANTORS PARTY HERETO FROM TIME TO TIME
The Guarantors

THE LENDERS PARTY HERETO FROM TIME TO TIME
The Lenders

THE BANK OF NOVA SCOTIA
Administrative Agent, LC Bank, Lead Arranger and Sole Bookrunner

BAYERISCHE LANDESBANK CAYMAN ISLANDS BRANCH
Arranger and Co-Syndication Agent

CREDIT LYONNAIS NEW YORK BRANCH
Arranger and Co-Syndication Agent

ING CAPITAL LLC
Arranger and Co-Syndication Agent

TORONTO DOMINION (TEXAS) INC.
Arranger and Co-Syndication Agent

and

UNION BANK OF CALIFORNIA, N.A.
Arranger and Co-Syndication Agent

payable upon demand at a rate that is 2% per annum in excess of the interest rate then otherwise payable under this Agreement for Base Rate Loans. Payment or acceptance of the increased rates of interest provided for in this Section 2.1.7 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent, the Collateral Agent or any Lender.

Section 2.1.8 *Fees.*

(a) Fee Letter. The Borrower agrees to pay to each Agent and each applicable Lender the fees in the amounts and at the times set forth herein and any other fees as separately agreed upon by the Borrower and such Agent or such Lender (as applicable) in writing.

(b) Revolving Loan Commitment Fees. On the last Business Day in each calendar quarter (where all or any portion of such calendar quarter occurs on or after the Closing Date and prior to the Maturity Date) and on the Maturity Date (or, if the Total Loan Commitment is canceled prior to such date, on the date of such cancellation), the Borrower shall pay to the Administrative Agent, for the benefit of the Lenders, accruing from the Closing Date or the first day of such quarter, as the case may be, a commitment fee (the "Commitment Fee") for such quarter (or portion thereof) then ending equal to the product of (a) 0.75% *times* (b) the daily average Available Loan Commitment for such quarter (or portion thereof) *times* (c) a fraction, the numerator of which is the number of days in such quarter (or portion thereof) and the denominator of which is the number of days in that calendar year (365 or 366, as the case may be).

Section 2.1.9 *Payments.* The principal amounts of the Revolving Loans (reduced in connection with any voluntary or mandatory prepayments of the Revolving Loans, in accordance with Sections 2.1.10 (Voluntary Prepayments), 2.1.11 (Mandatory Repayments and Commitment Reductions) and Section 5.7 (Asset Sales; Application of Net Proceeds), as applicable) shall be repaid from time to time in the discretion of the Borrower, but in any event in full on the Maturity Date.

Section 2.1.10 *Voluntary Prepayments; Voluntary Commitment Reductions.*

(a) The Borrower may voluntarily prepay (without premium or penalty) Revolving Loans on any Business Day, in whole or in part, in an aggregate minimum amount of $2,000,000 and integral multiples of $500,000 (or the remaining amount outstanding) in excess of that amount.

(b) All such prepayments shall be made:

(i) upon not less than one Business Day's prior written, email or telephonic notice in the case of Base Rate Loans; and

(ii) upon not less than three Business Days' prior written, email or telephonic notice in the case of LIBOR Rate Loans;

in each case given to the Administrative Agent by 1:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed in writing to the Administrative Agent (and

the Administrative Agent will promptly transmit such telephonic or original notice, by telefacsimile or telephone to each Lender). Upon the giving of any such notice, the principal amount of the Revolving Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any prepayment of any Revolving Loan pursuant to this Section shall be applied in inverse order of maturities and otherwise in accordance with Section 2.1.12 (General Provisions Regarding Payments).

(c) The Borrower may, upon not less than five Business Days' prior written notice to Administrative Agent, at any time and from time to time terminate in whole or permanently reduce in part, without premium or penalty, the Total Loan Commitment; *provided* that any such partial reduction of the Total Loan Commitment shall be in an aggregate minimum amount of $2,000,000 and integral multiples of $500,000 in excess of that amount. The Borrower's notice to the Administrative Agent shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction, and such termination or reduction of the Total Loan Commitment shall be effective on the date specified in the Borrower's notice and shall reduce the Revolving Loan Commitment of each Lender proportionately to its Pro Rata Share. Notwithstanding anything to the contrary herein, the Borrower may not terminate in whole or permanently reduce in part the Total Loan Commitment if, after giving effect to any such termination or reduction, such termination or reduction would result in the aggregate amount of the Total Loan Commitment being at such time less than the sum of (i) the aggregate principal amount of outstanding Revolving Loans at such time and (ii) the Aggregate Stated LC Amount and all outstanding Reimbursement Obligations at such time. Together with the delivery by the Borrower to the Administrative Agent of its notice of intent to terminate or reduce the Total Loan Commitment, the Borrower shall deliver an Officer's Certificate certifying to the foregoing.

Section 2.1.11 *Mandatory Repayments and Commitment Reductions.* The Borrower shall prepay the Revolving Loans with the Net Proceeds of an Asset Sale, Casualty Event or Condemnation Event as and to the extent required by Section 5.7(c). Each such prepayment shall be made on a *pro rata* basis with the First Priority Term Loans and the First Priority Notes. The Total Loan Commitment shall be permanently reduced by the amount of each such prepayment, and each Lender's Revolving Loan Commitment shall be correspondingly reduced in proportion to its Pro Rata Share (provided, if after giving effect to any such reduction, the Total Loan Commitment is less than the sum of (i) the aggregate principal amount of all Revolving Loans outstanding at such time and (ii) the aggregate Stated LC Amount and Reimbursement Obligations at such time, then the Borrower shall immediately prepay such Revolving Loans and cash collateralize (pursuant to a cash collateral agreement in form and substance reasonable satisfactory to the Administrative Agent) such Letters of Credit or Reimbursement Obligations to the extent necessary to cause the Total Loan Commitment to be equal to or greater than the amounts specified in clauses (i) and (ii) above).

Section 2.1.12 *General Provisions Regarding Payments.*

(a) All payments by the Borrower or any Guarantor of principal, interest, fees and other Revolving Loan Obligations shall be made in Dollars in same day funds, without defense, setoff or counterclaim, free of any restriction or condition, and delivered to the Administrative Agent not later than 1:00 p.m. (New York City time) on the date due at the Administrative

disposition, the provisions of this Agreement referring to the "Borrower" shall refer instead to the successor corporation and not to the Borrower), and may exercise every right and power of the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower herein; *provided, however*, that the predecessor Borrower shall not be relieved from the obligation to pay the principal of and interest on or other amounts in respect of the Revolving Loans.

ARTICLE VII.
DEFAULTS AND REMEDIES

SECTION 7.1 Events of Default.

Each of the following is an "Event of Default":

(a) default for 5 days in the payment when due of interest or fees on the Revolving Loans;

(b) default in payment when due of the principal of, or premium, if any, on the Revolving Loans;

(c) the occurrence of a Change of Control;

(d) failure by the Borrower or any of its Subsidiaries to comply with Section 5.7 (Asset Sales; Application of Net Proceeds) or 5.15 (Deposit of Revenues);

(e) failure by Holdings, the Borrower or any of its Subsidiaries for 30 days after written notice from the Administrative Agent or the Lenders holding at least 50% in outstanding aggregate principal amount of the Revolving Loans then outstanding to comply with any of the agreements in this Agreement or the other Revolving Loan Documents;

(f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Borrower or any of its Subsidiaries (or the payment of which is guaranteed by the Borrower or any of its Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Agreement, if that default:

(i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25,000,000 or more, and such default shall not have been cured or waived or any such acceleration rescinded, or such Indebtedness repaid, within 20 days of the Borrower or the applicable Subsidiary becoming aware of such default;

(g) failure by the Borrower or any of its Subsidiaries to pay final judgments aggregating in excess of $25,000,000 (excluding those covered by insurance), which judgments are not paid, discharged or stayed for a period of 60 days;

(h) the repudiation by Holdings, the Borrower or any of its Subsidiaries of any of its obligations under the Security Documents or the unenforceability of the Security Documents against Holdings, the Borrower or any of its Subsidiaries for any reason; *provided* that such repudiation or unenforceability relates to Collateral having a Fair Market Value of $25,000,000 or more;

(i) except as permitted by this Agreement, any Revolving Loan Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Revolving Loan Guarantee, and such condition shall not have been cured within 30 days after written notice from the trustee or the holders of at least 50% in aggregate principal amount of outstanding Revolving Loans;

(j) breach by any Person (other than the Borrower or any of its Subsidiaries) of its obligations under, or termination or failure to be in full force and effect of, a Major Project Document (unless such breach, termination or failure to be in full force and effect would not, when taken together with all other such breaches, terminations or failures since the date of this Agreement (other than those that have been cured as contemplated below, including by entering into a replacement agreement), be Materially Adverse, as evidenced by a certificate of the chief financial officer of the Borrower), unless with respect to any Major Project Document such breach is cured, or such Major Project Document is replaced with a substantially similar agreement (it being understood that an agreement will be considered substantially similar if it would not be Materially Adverse), within 60 days thereafter (or 120 days with respect to the Interest Hedge); and

(k) the Borrower, any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together would constitute a Significant Subsidiary, suffer a Bankruptcy Event.

SECTION 7.2 Acceleration. In the case of an Event of Default specified in clause (k) of Section 7.1 (Events of Default), with respect to the Borrower or any of its Subsidiaries, the outstanding Revolving Loans and Reimbursement Obligations shall become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Administrative Agent or the Requisite Lenders may declare all the Revolving Loans and Reimbursement Obligations to be due and payable immediately. Upon any such declaration, the Revolving Loans and Reimbursement Obligations shall become due and payable immediately.

SECTION 7.3 Other Remedies.

(a) Subject to the Collateral Trust Agreement, if an Event of Default occurs and is continuing, the Administrative Agent may pursue any available remedy to collect the payment of

EXHIBIT E

$5,000,000,000

REVOLVING CREDIT, TERM LOAN AND GUARANTEE AGREEMENT

among

CALPINE CORPORATION,
a Debtor-in-Possession,
as Borrower

and

THE SUBSIDIARIES OF
CALPINE CORPORATION NAMED HEREIN,
Debtors-in-Possession,
as Guarantors

and

THE LENDERS PARTY HERETO,

and

CREDIT SUISSE,
as Administrative Agent and Collateral Agent

Dated as of [March] __, 2007

CREDIT SUISSE SECURITIES (USA), LLC,
GOLDMAN SACHS CREDIT PARTNERS L.P.
and
J.P. MORGAN SECURITIES, INC.,
As Joint Lead Arrangers and Bookrunners

DEUTSCHE BANK SECURITIES INC.,
As Joint Lead Arrangers and Bookrunners

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Schedules

Exhibits

REVOLVING CREDIT, TERM LOAN AND GUARANTEE AGREEMENT, dated as of [March] __, 2007, among (i) CALPINE CORPORATION, a Delaware corporation (the "Borrower"), which is a debtor and debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (as defined below), (ii) each of the direct and indirect domestic Subsidiaries of the Borrower designated as a Guarantor on Schedule 3.5 hereto (collectively, the "Guarantors" and together with the Borrower, the "Debtors" and each a "Debtor"), each of which Guarantors is a debtor and a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (the cases of the Borrower and the Guarantors, each a "Case" and, collectively, the "Cases"), (iii) CREDIT SUISSE ("CS"), as administrative agent (in such capacity and including any successors, the "Administrative Agent") and as Collateral Agent (in such capacity and including any successors, the "Collateral Agent" and together with the Administrative Agent, the "Agents") and (iv) each of the financial institutions from time to time party hereto (collectively, the "Lenders").

INTRODUCTORY STATEMENT

On the applicable Petition Dates (as defined below) the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court (such terms and other capitalized terms used in this Introductory Statement being used with the meanings given to such terms in Section 1.1) initiating the Cases (which are being jointly administered by the Bankruptcy Court under Case No. 05-60200 (BRL)) and have continued in the possession of their assets and in the management of their businesses pursuant to Bankruptcy Code Sections 1107 and 1108.

The Borrower and the Guarantors are party to the Amended and Restated Revolving Credit, Term Loan and Guarantee Agreement, dated as of February 23, 2006 (as amended, supplemented or otherwise modified, the "Existing DIP Agreement"), among the Borrower, the Guarantors, the lenders party thereto, CS Securities and Deutsche Bank Trust Company Americas, as joint syndication agents, Deutsche Bank Securities Inc. and CS Securities, as joint lead arrangers and joint bookrunners and CS and Deutsche Bank Trust Company Americas, as joint administrative agents, among others, providing for a revolving loan, term loan and letter of credit facility in an aggregate principal amount not to exceed $2,000,000,000.

The Borrower has requested that the Lenders provide a debtor-in-possession facility of up to $5,000,000,000 (subject to mandatory and optional reductions in accordance with Section 2.15 and 2.17 of this Agreement) that is automatically convertible to a secured exit facility upon the satisfaction (or waiver) of certain conditions, with the loans under such facility being allocated as follows: (i) a senior secured first lien term loan facility in an aggregate principal amount of $4,000,000,000 and (ii) senior secured first lien revolving credit and letter of credit facility in an aggregate principal amount of up to $1,000,000,000, all of the Borrower's obligations under each of which are guaranteed by the Guarantors.

The proceeds of the Loans and the Letters of Credit will be used (i) to refinance the obligations outstanding under the Existing DIP Agreement, (ii) to repay and redeem the CalGen Prepetition Secured Obligations, (iii) to refinance certain subsidiary secured debt, secured lease obligations and existing preferred securities, (iv) for working capital purposes and other general corporate purposes of the Borrower and the Guarantors and, to the extent permitted by this Agreement, their Subsidiaries, (v) at the Borrower's election, to pay and satisfy the CalGen Makewhole Payment, if any, and (vi) to fund distributions to holders of prepetition claims under a confirmed Reorganization Plan.

To provide guarantees and security for the repayment of the Loans, the reimbursement of any draft drawn under the Letters of Credit and the payment of the other Obligations of the Debtors hereunder and under the other Loan Documents, the Debtors are providing to the Collateral Agent, the

Administrative Agent and the Lenders, pursuant to this Agreement, the Security and Pledge Agreement and the DIP Refinancing Order, the following (each as more fully described herein and subject to the qualifications set forth herein):

(a) a guarantee from each of the Guarantors of the due and punctual payment and performance of the Obligations of the Borrower hereunder and under the Notes;

(b) with respect to the Obligations of the Loan Parties hereunder, an allowed administrative expense claim entitled to the benefits of Bankruptcy Code Section 364(c)(1) in each of the Cases, having a superpriority over any and all administrative expenses of the kind specified in Bankruptcy Code Sections 503(b) or 507(b);

(c) pursuant to Bankruptcy Code Section 364(c)(2) a perfected first priority lien on, and security interest in, all present and after-acquired property of the Debtors not subject to a valid, perfected and non-avoidable lien or security interest in existence on the Petition Date or to a valid lien in existence on the Petition Date that is perfected subsequent to the Petition Date as permitted by Bankruptcy Code Section 546(b) (but excluding the Borrower's and the Guarantors' rights in respect of avoidance actions under the Bankruptcy Code and the proceeds thereof);

(d) pursuant to Bankruptcy Code Section 364(c)(3) a perfected junior lien on, and security interest in, all present and after-acquired property of the Debtors that is otherwise subject to a valid, perfected and non-avoidable lien or security interest in existence on the Petition Date or a valid lien in existence on the Petition Date that is perfected subsequent to the Petition Date as permitted by Bankruptcy Code Section 546(b); and

(e) to the extent applicable, pursuant to Bankruptcy Code Section 364(d), a perfected first priority priming lien on, and security interest in, all present and after-acquired property of the Debtors that is subject to the replacement liens granted pursuant to and under the Cash Collateral Order in respect of the Calpine Second Lien Debt (as defined in the Cash Collateral Order), which security interests and liens in favor of the Collateral Agent shall be senior to such replacement liens.

All of the claims and the Liens granted hereunder and pursuant to the Security and Pledge Agreement and the DIP Refinancing Order in the Cases to the Collateral Agent, the Administrative Agent and the Lenders shall be subject to the Carve-Out and the Permitted Liens, but in each case only to the extent provided in Section 2.28, the Security and Pledge Agreement and the DIP Refinancing Order.

Accordingly, the parties hereto hereby agree to as follows:

SECTION 1

DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"Administrative Agent": the meaning set forth in the preamble to this Agreement.

"Affiliate": as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities, by contract or otherwise.

"Agents": the meaning set forth in the preamble to this Agreement.

"Aggregate Outstandings": as to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the sum of (i) the aggregate then unpaid principal amount of such Lender's First Priority Term Loans and (ii) the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"Aggregate Revolving Outstandings": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Agreement": this Revolving Credit, Term Loan and Guarantee Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Alternative Currency": Canadian dollars.

"Applicable Margin": for each Loan, the rate per annum equal to (a) ____%, in the case of Eurodollar Loans, and (b) ____%, in the case of Base Rate Loans.

"Asset Sale": any Disposition of property or series of related Dispositions of property (excluding any such Disposition permitted by clauses (a), (b), (c), (d), (e), (f), (g) or (q) of Section 6.5 (or any Disposition of the type described in such clauses if undertaken by a Global Entity which is neither a Loan Party or a Material Subsidiary)), and including the entry by any Global Entity into any Contractual Obligation for the sale of any property when such contractual obligation has resulted in a payment for such property prior to the delivery thereof, that yields gross proceeds to any Global Entity (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of $1,000,000.

"Assignment and Acceptance": an assignment and acceptance entered into by a Lender and an assignee and accepted by the Administrative Agent, substantially in the form of Exhibit D.

"Authorizations": all applications, filings, reports, documents, recordings and registrations with, and all validations, exemptions, franchises, waivers, approvals, orders or authorizations, consents, licenses, certificates and permits from Federal, state or local Governmental Authorities.

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding; provided that in calculating any Lender's Revolving Extensions of Credit for the purpose of determining such Lender's Available Revolving Commitment pursuant to Section 2.25, the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero (collectively, as to all Lenders the "Available Revolving Commitments").

"Bankruptcy Code": The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. §§101 et seq.

"Bankruptcy Court": the United States Bankruptcy Court for the Southern District of New York, or any other court having jurisdiction over the Cases from time to time.

"Base Rate": for any day, the higher of (a) the Federal Funds Effective Rate plus one half of one percent (½%) per annum or (b) the Prime Rate. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Base Rate Loans": Loans the rate of interest applicable to which is based upon the Base Rate.

"Benefited Lender": the meaning set forth in Section 10.7(a).

"BLB Facility": means the Letter of Credit Agreement, dated as of September 30, 2004, as amended, between Calpine Corporation, as the Borrower, and Bayerische Landesbank, acting through its Cayman Islands Branch, as Issuer.

"Board of Governors": the Board of Governors of the Federal Reserve System or any Governmental Authority which succeeds to the powers and functions thereof.

"Borrower": the meaning set forth in the preamble to this Agreement.

"Borrowing": the making of Loans by the Lenders on a single Borrowing Date.

"Borrowing Date": any Business Day specified in a notice pursuant to Section 2.5 as a date on which the Borrower requests a Loan hereunder.

"Budget": the cash flow projections of the Loan Parties, showing anticipated cash receipts and disbursements on a weekly basis for the period from the Closing Date through the thirteen weeks following the Closing Date, in form and detail reasonably satisfactory to the Administrative Agent, and as thereafter updated in accordance with Section 5.1(d).

"Business": as defined in Section 3.16(b).

"Business Day": any day other than a Saturday, Sunday or other day on which commercial banks in New York City are required or permitted to close (and, for a Letter of Credit, other than a day on which the Fronting Bank issuing such Letter of Credit is closed), provided that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"CalGen Adequate Protection Stipulation": the "Amended Agreed Order Modifying Cash Collateral Order to Effect Project Intercompany Loan Transfers" entered into among the Debtors, Wilmington Trust FSB, as indenture trustee, HSBC Bank USA, National Association, as indenture trustee, Manufacturers Traders & Trust Company, as indenture trustee, and Wilmington Trust Company, as collateral agent, and entered by the Bankruptcy Court on January 17, 2007 (as it may be amended in a manner reasonably satisfactory to the Administrative Agent), granting, *inter alia*, adequate protection to CalGen Holdings, Inc. and/or any of its Subsidiaries.

"CalGen Cash Collateral Account": a segregated account of the Borrower or any of its Subsidiaries which is a Debtor into which Unrestricted Cash (as defined in the CalGen Adequate Protection Stipulation) distributed by the CalGen Parties pursuant to the Calgen Adequate Protection Stipulation is held pending the use of such Unrestricted Cash by the Borrower or such Subsidiary.

"CalGen Makewhole Payment": the aggregate amount, if any, of any actual or potential claims, premiums or penalties related to (i) any "makewhole", repayment, prepayment or call provisions, (ii) any contract defaults or (iii) any contractual damages, in each case payable to the holders of the CalGen Prepetition Secured Obligations in connection with the repayment of the CalGen Prepetition Secured Obligations.

"CalGen Order": an order entered by the Bankruptcy Court in the Cases authorizing the repayment of the CalGen Prepetition Secured Obligations and determining that no CalGen Makewhole Payment shall be payable in connection with the repayment of the CalGen Prepetition Secured Obligations.

"CalGen Parties": collectively, CalGen Holdings, Inc. and its Subsidiaries.

"CalGen Prepetition Secured Obligations": the obligations outstanding under the (a) the $235,000,000 First Priority Secured Floating Rate Notes Due 2009, issued by Calpine Generating Company, LLC ("CalGen") and CalGen Finance Corporation ("CalGen Finance") pursuant to that certain first priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust FSB, as first priority trustee; (b) the $600,000,000 First Priority Secured Institutional Terms Loans Due 2009, issued by CalGen pursuant to that certain Credit and Guarantee Agreement, dated as of March 23, 2004 among CalGen, the guarantor subsidiaries of CalGen listed therein, Morgan Stanley Senior Funding, Inc., as administrative agent, sole lead arranger and sole bookrunner, and the various lenders named therein; (c) the $200,000,000 First Priority Revolving Loans issued on or about March 23, 2004 pursuant to that Amended and Restated Agreement, among CalGen, the guarantors party thereto, the lenders party thereto, The Bank of Nova Scotia, as administrative agent, L/C Bank, lead arranger and sole bookrunner, Bayerische Landesbank, Cayman Islands Branch, as arranger and co-syndication agent, Credit Lyonnais, New York Branch, as arranger and co-syndication agent, ING Capital LLC, as arranger and co-syndication agent, Toronto Dominion (Texas) Inc., as arranger and co-syndication agent, and Union Bank of California, N.A., as arranger and co-syndication agent; (d) the $640,000,000 Second Priority Secured Floating Rate Notes Due 2010, issued by CalGen and CalGen Finance pursuant to that certain second priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust FSB, as second priority trustee; (e) the $100,000,000 Second Priority Secured Term Loans Due 2010, issued by CalGen pursuant to that certain Credit and Guarantee Agreement, dated as of March 23, 2004, among CalGen, the guarantor subsidiaries of CalGen listed therein, Morgan Stanley Senior Funding, Inc., as administrative agent, sole lead arranger and sole bookrunner and the various lenders named therein; (f) the $680,000,000 Third Priority Secured Floating Rate Notes Due 2011; and (g) the $150,000,000 11.5% Third Priority Secured Notes Due 2011, in each case issued by CalGen and CalGen Finance pursuant to that certain third priority indenture, dated as of March 23, 2004, among CalGen, CalGen Finance and Wilmington Trust Company FSB, as third priority trustee.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Carve-Out": the meaning set forth in Section 2.28(a).

"Cases": the meaning set forth in the preamble to this Agreement.

"Cash Collateral": the meaning set forth in Section 363(a) of the Bankruptcy Code.

"Cash Collateral Order": the Final Order Authorizing Use of Cash Collateral and Granting Adequate Protection entered in the Cases by the Bankruptcy Court on or about January 30, 2006, as it may be amended in a manner reasonably satisfactory to the Administrative Agent.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than thirty (30) days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition or (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Cash Management Obligations": all obligations of the Loan Parties to CS in its capacity as the principal concentration bank in the cash management system of the Loan Parties.

"Change of Control": (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) of shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower and (ii) the occupation of a majority of seats (other than vacant seats) on the Board of Directors of the Borrower by Persons who were neither nominated by the Board of Directors of the Borrower on the Closing Date or appointed or nominated by directors so nominated; provided that no Change of Control shall be deemed to have occurred as a result of the consummation of a Reorganization Plan.

"Closing Date": [March] __, 2007.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": all property of the Debtors now owned or hereafter acquired in which a security interest has been granted by the Debtors to the Collateral Agent, for the benefit of the Lenders, as more particularly described in the Security and Pledge Agreement and the DIP Refinancing Order. "Collateral" shall as of the Closing Date include, but not be limited to, substantially all property of the Debtors currently securing the Obligations under the Existing DIP Agreement and substantially all of the property of the CalGen Parties currently securing the CalGen Prepetition Secured Obligations.

"Collateral Agent": the meaning set forth in the preamble to this Agreement.

"Commitment": as to any Lender, the sum of the First Priority Term Commitment and the Revolving Commitment of such Lender.

"Commitment Fee": the meaning set forth in Section 2.25.

"Commitment Fee Rate": ½ of 1% per annum.

"Commitment Percentages": the collective reference to the Revolving Commitment Percentages and the First Priority Term Percentages; individually, as to any Revolving Commitment Percentage or First Priority Term Percentage, a "Commitment Percentage".

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a controlled group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

"Concentration Account": the account to be established by the Borrower, entitled "Calpine Corporation" maintained at the office of the Collateral Agent at Eleven Madison Avenue, New York, New York 10010, which account and all amounts deposited therein are subject to the exclusive dominion and control of the Collateral Agent, and which shall be used for the daily operation of the Borrower's business or otherwise.

"Confirmation Order": an order of the Bankruptcy Court confirming a Reorganization Plan in any of the Cases.

"Consolidated EBITDA": for any period, Consolidated Net Income for such period [plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles and organization costs, (e) any extraordinary or non-recurring non-cash expenses or losses, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, (f) non-cash losses on sales or impairments of assets, (g) unrealized gains or losses and any non-cash realized gains or losses on financial derivatives recognized in accordance with SFAS No. 133, (h) non-cash charges attributable to SFAS No. 150, (i) operating lease expense, (j) distributions received from unconsolidated investments, (k) non-cash losses attributable to translations of intercompany foreign currency transactions, (l) Restructuring Costs and (m) the items set forth on Schedule 1.1B, and minus, (a) to the extent included in the statement of such

Consolidated Net Income for such period, the sum of (i) interest income, (ii) any extraordinary, unusual or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets), (iii) income tax credits (to the extent not netted from income tax expense), (iv) any non-cash gain recorded on the repurchase or extinguishment of debt and (v) any other non-cash income, (b) any cash payments made during such period for operating lease expense, income taxes, and in respect of items described in clause (e) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were reflected as a charge in the statement of Consolidated Net Income, all as determined on a consolidated basis, (c) income/loss from unconsolidated investments, (d) non-cash gains attributable to translations of intercompany foreign currency transaction and (e) the items set forth on Schedule 1.1B]. For the purposes of calculating Consolidated EBITDA for any period of twelve months (each, a "Reference Period"), the Consolidated EBITDA shall be adjusted as set forth on Schedule 1.1C annexed hereto if at any time during or prior to such Reference Period the Borrower or any of its Subsidiaries shall have made any Material Disposition. As used in this definition, "Material Disposition" means any disposition of property or series of related Dispositions of property consummated after the Closing Date and permitted under this Agreement that yields gross proceeds to the Borrower or to any of its Subsidiaries in excess of $1,000,000.

"Consolidated Interest Expense": for any period, total cash interest expense of the Borrower and its Subsidiaries for such period with respect to all Indebtedness outstanding under the Facilities, assuming all amounts are drawn under the Facilities.

"Consolidated Net Income": for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries and (b) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Conversion Date": the date upon which the conditions to effectiveness of the Exit Facility Agreement set forth therein shall have been satisfied or waived.

"Credit Parties": the collective reference to the Loan Parties and the Material Subsidiaries.

"CS": the meaning set forth in the preamble to this Agreement.

"DB": Deutsche Bank Trust Company Americas.

"Debtors": the meaning set forth in the preamble to this Agreement.

"Default": any of the events specified in Section 7, whether or not any requirement for the giving of notice, the expiration of applicable cure or grace periods, or both, has been satisfied.

"DIP Refinancing Order": an order of the Bankruptcy Court entered in the Cases granting approval of the transactions contemplated by this Agreement and the other Loan Documents (including, without limitation, the repayment of the obligations under the Existing DIP Agreement and the CalGen Prepetition Secured Obligations) and granting the Liens and Superpriority Claims described in the Introductory Statement in favor of the Administrative Agent, the Collateral Agent and the Lenders, substantially in the form of Exhibit A hereto, or otherwise in form and substance reasonably satisfactory to the Administrative Agent, and any Subsequent Interim Order or any Subsequent Final Order.

"DIP Refinancing Order Date": the date of entry of the DIP Refinancing Order with respect to the Borrower which is [February] __, 2007.

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollar Amount": at any time (a) as to any amount in Dollars, such amount and (b) as to any amount in an Alternative Currency, the then Dollar Equivalent thereof.

"Dollar Equivalent": with respect to any amount of an Alternative Currency on any date, the equivalent amount in Dollars of such amount of Alternative Currency as determined by the Administrative Agent in accordance with Section 1.4 using the applicable Exchange Rate.

"Dollars" and "$": lawful money of the United States.

"Eligible Assignee": the meaning set forth in Section 10.6(c).

"Eligible Permitted Commodity Hedge Agreement": the meaning set forth on Schedule 1.1D.

"Environmental Laws": any and all applicable foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, legally binding requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board of Governors or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board of Governors) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a

period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 10:00 A.M., London time, two (2) Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such screen), the "Eurodollar Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be reasonably selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 10:00 A.M., New York City time, two (2) Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{\text{1.00 - Eurocurrency Reserve Requirements}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Event of Default": the meaning set forth in Section 7.

"Exchange Rate": on any day, with respect to any Alternative Currency, the rate at which such currency may be exchanged into Dollars, as set forth at approximately 11:00 A.M., New York time, on such date on the Reuters World Currency Page for such Alternative Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or, in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Alternative Currency are then being conducted, at or about 10:00 A.M., local time, on such date for the purchase of the relevant currency for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"Existing DIP Agreement": the meaning set forth in the recitals hereto.

["Existing L/C Cash Collateral Account": the account established by the Borrower pursuant to the Existing DIP Agreement under the sole and exclusive control of DB maintained at the office of DB, in its capacity as administrative agent under the Existing DIP Agreement, designated as the "Calpine Corporation Debtor-in-Possession Cash Collateral Account" or similar title which was used in connection with the cash collateralization of Letter of Credit Outstandings.]

"Existing Letters of Credit": the collective reference to the Letters of Credit issued and outstanding under the Existing DIP Agreement as of the Closing Date for the account of the Borrower and identified on Schedule 1.1E and deemed to be made under this Agreement pursuant to Section 2.8(a).

"Exit Facility Agreement": the Revolving Credit, Term Loan and Guarantee Agreement as such agreement becomes effective pursuant to Section 2.32, substantially in the form of Exhibit J hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"Extensions of Credit": collectively, Loans and/or Letters of Credit hereunder; individually, as to any Loan or any Letter of Credit, an "Extension of Credit."

"Facility": each of the First Priority Term Facility and the Revolving Facility.

"FDIC": the Federal Deposit Insurance Corporation or any Governmental Authority that succeeds to the powers and functions thereof.

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by CS from three federal funds brokers of nationally recognized standing selected by it.

"Fee Payment Date": (a) the last Business Day of each March, June, September and December and (b) the last day of the Revolving Commitment Period.

"Fees": collectively, the Commitment Fees, Letter of Credit Fees, the fees payable to CS, Goldman Sachs, Goldman Securities, J.P. Morgan Securities and JPMorgan Chase Bank, N.A., as separately agreed by the Borrower, the fees referred to in Sections 2.25, 2.26, 2.27 or 10.5 and any other fees payable by any Loan Party pursuant to this Agreement or any other Loan Document.

"Final Order": an order, judgment or decree as to which the time to appeal, petition for certiorari, or move for reargument or rehearing, and any stay associated therewith, has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing by the Person possessing such right, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order, judgment or decree shall have been affirmed by the highest court to which such order, judgment, or decree was appealed, or certiorari has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired.

"Financial Officer": the Chief Financial Officer, Principal Accounting Officer, Controller or Treasurer of the Borrower.

"First Priority Term Facility": the First Priority Term Commitments, the First Priority Term Loans made thereunder and the Incremental Term Loans.

"First Priority Term Commitment": with respect to each First Priority Term Lender, the commitment of such First Priority Term Lender to make First Priority Term Loans in an aggregate principal amount not to exceed the amount set forth opposite its name on Schedule 1.1A under the

heading "First Priority Term Commitment Amounts" or as may subsequently be set forth in the Register from time to time, as the same may be reduced from time to time pursuant to Sections 2.15, 2.16 and 2.17. The aggregate First Priority Term Commitments of all Lenders on the Closing Date is $4,000,000,000.

"First Priority Term Lender": each Lender that has a First Priority Term Commitment or that holds a First Priority Term Loan or an Incremental Term Loan.

"First Priority Term Loan": as to any Lender, the collective reference to (a) the First Priority Term Loans made by such Lender and (b) the Incremental Term Loans made by such Lender pursuant to Section 2.33.

"First Priority Term Percentage": as to any First Priority Term Lender at any time, the percentage which such Lender's First Priority Term Commitment then constitutes of the aggregate First Priority Term Commitments of all First Priority Term Lenders (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender's First Priority Term Loans and Incremental Term Loans then outstanding constitutes of the aggregate principal amount of the First Priority Term Loans and Incremental Term Loans then outstanding).

"Foreign Subsidiary": the meaning set forth in Section 6.4(c).

"Fronting Bank": CS or any Lender reasonably satisfactory to the Administrative Agent or the Borrower, or any of their respective affiliates, in their respective capacity as issuers of the Letters of Credit; provided that any Person that is not a Lender which issued any Existing Letter of Credit shall be a Fronting Bank solely with respect to such Existing Letter of Credit.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States of America applied on a consistent basis. In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Geysers Entities": the collective reference to the following Subsidiaries of the Borrower: Anderson Springs Energy Company, Thermal Power Company, Geysers Power I Company, Geysers Power Company II, LLC, Geysers Power Company, LLC, Calpine Calistoga Holdings, LLC and Silverado Geothermal Resources, Inc.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other

entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Global Entities": the collective reference to the Borrower and its consolidated Subsidiaries.

"Goldendale": Goldendale Energy Center, LLC.

"Goldendale Newco": a _____ limited liability company and a direct Subsidiary of Goldendale.

"Greenfield Project Partnership": means Greenfield Energy Centre LP, a limited partnership, the limited partners of which consist of Calpine Greenfield Commercial Trust, an indirect wholly-owned Non-Debtor Subsidiary of the Borrower, and MIT Power Canada LP Inc.

"Guarantee Obligation": as to any Person, any obligation, including a reimbursement, counterindemnity or similar obligation, of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including without limitation, any obligation of such Person, whether or not contingent (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided that notwithstanding the foregoing, the term Guarantee Obligation shall not include (x) endorsements of instruments for deposit or collection or contractual indemnities, in each case in the ordinary course of business or (y) indemnification by any Person of its directors and officers (or of the directors and officers of such Person's Subsidiaries) for actions taken on behalf of such Person (or such Subsidiaries, as applicable). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor": the meaning set forth in the preamble to this Agreement but shall not include RockGen and those entities set forth on Part B of Schedule 3.5.

"Incremental Term Loans": the meaning set forth in Section 2.33(a).

"Incremental Commitment Supplement": the meaning set forth in Section 2.33(a).

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety

bonds or similar arrangements, (g) the liquidation value of all redeemable preferred Capital Stock of such Person, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) all obligations of such Person in respect of Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Payment Date": (a) as to any Base Rate Loan (other than any Swingline Loan), the last Business Day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period, (d) as to any Loan (other than any Revolving Loan that is a Base Rate Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof and (e) as to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, three or six (or, if agreed to by all Lenders under a relevant Facility, nine or twelve) months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, three or six (or, if agreed to by all Lenders under a relevant Facility, nine or twelve) months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not later than 10:00 A.M., New York City time, on the date that is three (3) Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period under a particular Facility that would extend beyond the Termination Date or beyond the date final payment is due on the First Priority Term Loans;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Investment": the meaning set forth in Section 6.7.

"ISP": International Standby Practices 1998 (International Chamber of Commerce Publication Number 590) and any subsequent version thereof adhered to by the Fronting Bank.

"Joinder": the meaning set forth in Section 5.11(b).

"Joint Lead Arrangers": Credit Suisse Securities (USA) LLC, Goldman Sachs Credit Partners L.P., J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc.

"L/C Application": an application, in such form as the Fronting Bank may specify from time to time, requesting the Fronting Bank to issue a Letter of Credit.

"L/C Cash Collateral Account": the account established by the Borrower under the sole and exclusive control of the Collateral Agent maintained at the office of the Collateral Agent at Eleven Madison Avenue, New York, New York 10010, designated as the "Calpine Corporation Debtor-in-Possession L/C Cash Collateral Account" or similar title, which shall be used solely for the purposes set forth in Sections 2.8(b), 2.17 and 2.28 and any other provision of this Agreement which requires the cash collateralization of Letter of Credit Outstandings.

"L/C Commitment": $550,000,000.

"Lenders": the meaning set forth in the preamble to this Agreement.

"Letter of Credit Fees": the fees payable in respect of Letters of Credit pursuant to Section 2.26.

"Letter of Credit Outstandings": at any time, an amount equal to the sum of (a) the then Dollar Amount of the aggregate undrawn and unexpired face amount of all Letters of Credit then outstanding plus (b) the then Dollar Amount of the aggregate amounts theretofore drawn under Letters of Credit and not then reimbursed.

"Letter of Credit Request": the meaning set forth in Section 2.9.

"Letters of Credit": any standby letter of credit issued pursuant to Section 2.9 which letter of credit shall be (a) for such purposes as are consistent with the terms hereof, (b) denominated in Dollars or any Alternative Currency and (c) otherwise in such form as may be reasonably approved from time to time by the Administrative Agent and the Fronting Bank.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Notes, the Security and Pledge Agreement, the Letters of Credit, the L/C Applications, Exit Facility Agreement, the DIP Refinancing Order and any other document, instrument or agreement executed and delivered in connection herewith.

"Loan Parties": each Debtor that is a party to a Loan Document.

"Material Adverse Effect": a material adverse effect on (a) the business, condition (financial or otherwise), operations, assets or prospects of the Global Entities taken as a whole, in each case, other than such effects attributable to the commencement of the Cases or the existence of prepetition claims and of defaults under such prepetition claims, (b) the validity or enforceability of the DIP Refinancing Order or any of the Loan Documents, or (c) the rights and remedies of the Lenders, the Fronting Bank, the Administrative Agent and the Collateral Agent under the DIP Refinancing Order and the other Loan Documents.

"Material Environmental Amount": an amount payable by the Borrower and/or its Subsidiaries in excess of $1,000,000 for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Majority Facility Lenders": with respect to any Facility, the holders of more than 50% of the aggregate unpaid principal amount of the First Priority Term Loans or the Aggregate Revolving Outstandings, as the case may be, outstanding under such Facility (or, in the case of the Revolving Facility, prior to any termination of the Revolving Commitments, the holders of more than 50% of the Total Revolving Commitments).

"Material Intellectual Property": the meaning set forth in Section 3.18.

"Material Subsidiaries": the collective reference to the following Subsidiaries of the Borrower: the Geysers Entities, Calpine Energy Services Holdings, Inc., Calpine Calgen Holdings, Inc., Calpine CCFC Holdings, Inc., CPN Energy Services GP, Inc., CPN Energy Services LP, Inc. and Calpine Riverside Holdings, LLC, and all of their respective direct and indirect Subsidiaries; it being understood that any Subsidiary into which any Material Subsidiary merged or otherwise consolidated or any Subsidiary to which all or substantially all of the assets of any Material Subsidiary are transferred or otherwise disposed shall constitute a Material Subsidiary for all purposes under this Agreement.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Minimum Liquidity": at any time, the sum of (a) all unrestricted cash and Cash Equivalents of the Global Entities at such time and (b) the Available Revolving Commitments of all Lenders at such time.

"Minority Banks": the meaning set forth in Section 10.1(b).

"Moody's": Moody's Investors Services, Inc.

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received), net of attorneys' fees, accountants' fees, investment banking fees, commissions, foreign exchange charges to the extent such proceeds are paid in a currency other than Dollars, amounts required to be applied to the repayment of Indebtedness secured by a Lien permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event, amounts required to be applied to the repayment of mandatorily redeemable preferred Capital Stock permitted hereunder, amounts used in respect of any casualty payment to the extent used to pay actual liabilities or losses in respect of such casualty, and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements).

"New Lender": the meaning set forth in Section 2.33(a).

"New York UCC": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Non-Excluded Taxes": the meaning set forth in Section 2.22(a).

"Non-Loan Parties": any Subsidiary of the Borrower that is not a Loan Party.

"Non-U.S. Lender": the meaning set forth in Section 2.22(d).

"Notes": the collective reference to any promissory note evidencing Loans.

"Notice": the giving of notice by the Administrative Agent to the Borrower and its counsel (as set forth in Section 10.2) that a Default or an Event of Default has occurred and is continuing.

"Obligations": (a) the principal of and interest on the Loans and the Notes and the Letter of Credit Outstandings, (b) the Fees and all other present and future, fixed or contingent, obligations and liabilities (monetary or otherwise) of the Loan Parties to the Lenders, the Fronting Bank, the Collateral Agent and the Administrative Agent under the Loan Documents, including without limitation, all costs and expenses payable pursuant to Section 10.5, (c) interest rate hedging agreements and Eligible Permitted Commodity Hedge Agreements entered into by the Borrower and any Lender or affiliate thereof or any Qualified Entity and (d) the Cash Management Obligations.

"Otay Mesa": Otay Mesa Energy Center, LLC.

"Otay Mesa Motion": the "Motion For Entry of an Order (A) Approving the PPA Reinstatement Agreement Between Certain of the Debtors, Otay Mesa Energy Center, LLC and San Diego Gas & Electric Company; (B) Authorizing Intercompany Transfers of Assets Comprising the Otay Mesa Project to Otay Mesa Energy Center, LLC Free and Clear of All Liens, Claims and Encumbrances and Other Interests; (C) Authorizing the Assumption and Assignment of Certain Executory Contracts and

Unexpired Leases in Connection Therewith; (D) Authorizing Calpine Corporation to Make Capital Contributions to Otay Mesa Energy Center, LLC ; and (E) Granting Related Relief" filed by the Borrower and certain other Debtors in the Cases on October 23, 2006 (Docket No. 2922), seeking the approval of the Bankruptcy Court for the transactions described therein, together with the order granting such motion entered by the Bankruptcy Court in the Cases on November 15, 2006.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participants": the meaning set forth in Section 10.6(b).

"Patriot Act": the USA Patriot Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001, as amended.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permitted Liens": Liens permitted to exist under Section 6.2.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Petition Date": as to any Loan Party, the date reflected on Schedule 3.5 on which such Loan Party filed with the Bankruptcy Court a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Preferred Equity Documents": the collective reference to the Second Amended and Restated Limited Liability Company Operating Agreement of CCFC Preferred Holdings, LLC, the Amended and Restated Certificate of Incorporation of Calpine CCFC GP, Inc. and the Amended and Restated Certificate of Incorporation of Calpine CCFC LP, Inc., as each of the foregoing has been amended, supplemented or otherwise modified from time to time.

"Prime Rate": the rate of interest announced by CS from time to time as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest rate actually charged to any customer. CS may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

"Projections": the detailed consolidated annual budget for the years 2007 through 2012 as reflected in the business plan, including quarterly income projections for the eight quarters beginning with the first quarter of 2007 of the Borrower and its Subsidiaries (including a description of the material underlying assumptions applicable thereto), delivered to the Administrative Agent pursuant to Section 4.1(g).

"Properties": the meaning set forth in Section 3.16(a).

"Purchasing Lender": the meaning set forth in Section 10.6(c).

"Qualified Entity": each Person described on Schedule 1.1F.

"Recovery Event": any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset.

"Refunded Swingline Loans": the meaning set forth in Section 2.7(b).

"Register": the meaning set forth in Section 10.6(d).

"Regulation D": Regulation D of the Board of Governors of the Federal Reserve System, comprising Part 204 of Title 12, Code of Federal Regulations, as amended, and any successor thereto.

"Reinvestment Deferred Amount": with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by any Global Entity in connection therewith that are not applied to prepay the First Priority Term Loans pursuant to Section 2.17(a) as a result of the delivery of a Reinvestment Notice.

"Reinvestment Event": any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

"Reinvestment Notice": a written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Recovery Event to acquire or repair (or reimburse itself for amounts previously expended to acquire or repair) assets useful in its business.

"Reinvestment Prepayment Amount": with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date, or an amount contracted to be expended prior to the relevant Reinvestment Prepayment Date to acquire or repair (or reimburse itself for amounts previously expended to acquire or repair) assets useful in the Borrower's business.

"Reinvestment Prepayment Date": with respect to any Reinvestment Event, the earlier of (a) the date occurring six months after such Reinvestment Event and (b) the date on which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire or repair assets useful in the Borrower's business (or, in case of any amount contracted to be expended, such contract has expired or terminated) with all or any portion of the relevant Reinvestment Deferred Amount.

"Related Fund": with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Reorganization Plan": a plan of reorganization of the Loan Parties in any of the Cases.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043.

"Required Lenders": at any time, Lenders holding more than 50% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate unpaid principal amount of the First Priority Term Loans then outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Aggregate Revolving Outstandings then outstanding.

"Requirement of Law": as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president, any executive vice president or Financial Officer of the Borrower, but in any event, with respect to financial matters, a Financial Officer of the Borrower.

"Restructuring Costs": non-recurring and other one-time costs incurred by the Borrower or its Subsidiaries in connection with the reorganization of its and its Subsidiaries' business, operations and structure in respect of (a) the implementation of ongoing operational initiatives, (b) plant closures, plant "moth-balling" or consolidation, relocation or elimination of offices operations, (c) related severance costs and other costs incurred in connection with the termination, relocation and training of employees, (d) legal, consulting, employee retention and other advisor fees incurred in connection with the Cases and the related Reorganization Plan and (e) any adequate protection payments previously consented to by the Administrative Agent.

"Revolving Commitment": with respect to each Lender, the commitment of such Lender to make Revolving Loans and participate in Swingline Loans and Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth opposite its name on Schedule 1.1A under the heading "Revolving Commitment Amounts" or as may subsequently be set forth in the Register from time to time, as the same may be reduced from time to time pursuant to Sections 2.15, 2.16 and 2.17.

"Revolving Commitment Percentage": at any time, with respect to each Lender, the percentage obtained by dividing its Revolving Commitment at such time by the Total Revolving Commitment at such time or, if no Revolving Commitments are then in effect, the percentage obtained by dividing the aggregate Revolving Loans outstanding of such Lender by the aggregate Revolving Loans outstanding of all the Lenders at such time; provided that, in the event that the Revolving Loans are paid in full prior to the reduction to zero of the total outstanding Revolving Extensions of Credit, the Revolving Commitment Percentages shall be determined in a manner designed to ensure that the other outstanding Revolving Extensions of Credit shall be held by the Lenders on a comparable basis.

"Revolving Commitment Period": the period from and including the Closing Date to but not including the Termination Date.

"Revolving Extensions of Credit": as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, (b) such Lender's Revolving Commitment Percentage of the Letter of Credit Outstandings then outstanding and (c) such Lender's Revolving Commitment Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"Revolving Facility": the Revolving Commitments and the extensions of credit made thereunder.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": the meaning set forth in Section 2.4.

"RockGen": the meaning set forth in Section 6.10.

"RockGen Reserve Account": the meaning set forth in Section 6.10.

"S&P": Standard & Poor's Ratings Services.

"SEC": the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

"Security and Pledge Agreement": the Security and Pledge Agreement, substantially in the form of Exhibit G hereto, among the Collateral Agent and the Grantors (as defined in the Security and Pledge Agreement) signatory thereto.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

"Stated Maturity": [March] __, 2009, which is the date that is the second anniversary of the Closing Date.

"Subsequent Final Order": the meaning set forth in Section 5.11(b).

"Subsequent Interim Order": the meaning set forth in Section 5.11(b).

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Supermajority Lenders": at any time, Lenders holding more than 66-$^{2}/_{3}$% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate unpaid principal amount of the First Priority Term Loans then outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Aggregate Revolving Outstandings then outstanding.

"Superpriority Claim": a claim against any Loan Party in any of the Cases which is an administrative expense claim having priority over any or all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code, including a claim pursuant to Section 364(c)(1) of the Bankruptcy Code.

"Swap Agreement": any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing

indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or any of its Subsidiaries shall be a "Swap Agreement".

"Swingline Commitment": the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2 in an aggregate principal amount at any one time outstanding not to exceed $10,000,000.

"Swingline Lender": _____, in its capacity as the lender of Swingline Loans.

"Swingline Loans": the meaning set forth in Section 2.6.

"Swingline Participation Amount": the meaning set forth in Section 2.7(c).

"Termination Date": the earliest to occur of (a) the Stated Maturity, (b) the acceleration of the Loans and the termination of the Total Commitment in accordance with the terms hereof and (c) if the Conversion Date does not occur simultaneously therewith, the effective date of a Reorganization Plan confirmed by the Bankruptcy Court pursuant to the Confirmation Order in any of the Cases.

"Total Commitment": at any time, the sum of the Commitments of all Lenders at such time.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect. The Total Revolving Commitments on the Closing Date are $1,000,000,000.

"Trading Order": the final order of the Bankruptcy Court entered on the docket in the Cases on February 9, 2006 (as amended), authorizing the Debtors to (i) continue to honor prepetition trading contracts, (ii) enter into new postpetition trading contracts, (iii) pledge collateral under prepetition and postpetition trading contracts and (iv) assume certain prepetition trading contracts.

"Transferee": the meaning set forth in Section 10.6(f).

"Turbine Dispositions": the Disposition of turbines or turbine parts by any Credit Party to the extent permitted under Section 6.5(i).

"Type": as to any Loan, its nature as a Base Rate Loan or a Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 and any amendments or revisions thereof.

"United States": the United States of America.

1.2. Terms Generally. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references herein to Sections, Exhibits and Schedules shall be deemed references to Sections and subsections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. References to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or

Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time to the extent permitted herein. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that for purposes of determining compliance with any covenant set forth in Section 6, such terms shall be construed in accordance with GAAP as in effect on the date of this Agreement applied on a basis consistent with the application used in the Borrower's audited financial statements referred to in Section 5.1(a).

1.3. Delivery of Notices or Receivables. Any reference to a delivery or notice date that is not a Business Day shall be deemed to mean the next succeeding day that is a Business Day.

1.4. Exchange Rates. For purposes of calculating (a) the aggregate Dollar Equivalent of Letters of Credit denominated in an Alternative Currency and of unreimbursed drawings under Letters of Credit denominated in Alternative Currency outstanding at any time during any period and (b) the Dollar Equivalent of any Letters of Credit denominated in an Alternative Currency at the time of the issuance of such Letter of Credit pursuant to Section 2.8, the Administrative Agent will at least once during each calendar month and at such other times as it in its sole discretion determines to be appropriate to do so (including on or prior to the date of any borrowing or issuance of a Letter of Credit and the last day of any Interest Period), determine the respective rate of exchange into Dollars of such Alternative Currency (which rate of exchange shall be based upon the Exchange Rate in effect on the date of such determination). Such rates of exchange so determined on each such determination date shall, for purposes of the calculations described in the preceding sentence, be deemed to remain unchanged and in effect until the next such determination date.

SECTION 2

AMOUNT AND TERMS OF COMMITMENT

2.1. First Priority Term Commitments. Subject to the terms and conditions hereof, each First Priority Term Lender severally, and not jointly with the other First Priority Term Lenders, agrees to make a term loan (each, a "First Priority Term Loan" and collectively, the "First Priority Term Loans") to the Borrower on the Closing Date under the First Priority Term Commitment, provided that no First Priority Term Lender shall be required to make any First Priority Term Loan in excess of such First Priority Term Lender's First Priority Term Commitment then in effect . The First Priority Term Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.18. Amounts prepaid on account of the First Priority Term Loans may not be reborrowed.

2.2. Procedure for Term Loan Borrowing. The Borrower may borrow under the First Priority Term Commitments on the Closing Date, provided that such Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, on the Closing Date), specifying the amount of First Priority Term Loans to be borrowed. The First Priority Term Loans made on the Closing Date shall initially be Base Rate Loans and, unless otherwise agreed by the Administrative Agent in its respective sole discretion, no Term Loan may be converted into or continued (x) as a Eurodollar Loan prior to the date that is three Business Days after the Closing Date or (y) as a Eurodollar Loan having an Interest Period in excess of one week prior to the date that is the earlier of (A) 30 days after the Closing Date and (B) completion of the syndication process. Each Borrowing under the First Priority Term Commitments shall be in an amount equal to (x) in the case of Base Rate Loans, $1,000,000 or a whole multiple of $1,000,000 in excess thereof (or, if the then aggregate applicable First Priority Term Commitments are less than $1,000,000, such lesser amount) or (y) in the case of Eurodollar Loans, $5,000,000 or a whole

multiple of $1,000,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each applicable First Priority Term Lender thereof. Each First Priority Term Lender will make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the applicable First Priority Term Loan to be made by such First Priority Term Lender prior to 2:00 P.M., New York City time, on the Closing Date. Such Borrowing will then be made available to the Borrower by the Administrative Agent as directed by the Borrower in the aggregate amounts made available to the Administrative Agent by the Lenders in like funds as received by the Administrative Agent.

2.3. Repayment of First Priority Term Loans. The First Priority Term Loans of each First Priority Term Lender shall mature in eight consecutive quarterly installments, each of which shall be in an amount equal to such Lender's First Priority Term Percentage multiplied by the amount set forth below opposite such installment:

Installment	Principal Amount
June 30, 2007	$10,000,000
September 30, 2007	$10,000,000
December 31, 2007	$10,000,000
March 31, 2008	$10,000,000
June 30, 2008	$10,000,000
September 30, 2008	$10,000,000
December 31, 2008	$10,000,000
Termination Date	Balance

; provided that in the event that any Incremental Term Loans are made to the Borrower under Section 2.33, the principal amount to be paid by the Borrower for each quarterly installment remaining until the Termination Date shall be increased by an amount equal to the product of (x) the aggregate original principal amount of such Incremental Term Loans and (y) 0.25%.

2.4. Revolving Commitments. Subject to the terms and conditions hereof, each Revolving Lender, severally and not jointly with the other Revolving Lenders, agrees to make revolving credit loans (each, a "Revolving Loan" and, collectively, the "Revolving Loans") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Commitment Percentage of the then Aggregate Revolving Outstandings, does not exceed the amount of such Lender's Revolving Commitment in effect at such time as at the date such Loan is to be made. During the Revolving Commitment Period, the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in the accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.5 and 2.18.

2.5. Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time (a) three (3) Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans or (b) on the same Business Day of the requested Borrowing Date, in the case of Base Rate Loans), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest

Period therefor. Each Borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of Base Rate Loans, $1,000,000 or a whole multiple thereof (or, if the then Available Revolving Commitments are less than $1,000,000, such lesser amount) or (y) in the case of Eurodollar Loans, $5,000,000 or a multiple of $1,000,000 in excess thereof; provided that the Swingline Lender may request, on behalf of the Borrower, borrowings under the Revolving Commitments that are Base Rate Loans in other amounts pursuant to Section 2.7. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its Revolving Commitment Percentage of each Borrowing available to the Administrative Agent at the Funding Office prior to 2:00 P.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such Borrowing will then be made available to the Borrower by the Administrative Agent as directed by the Borrower in the aggregate amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

2.6. Swingline Commitment.

(a) Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans ("Swingline Loans") to the Borrower; provided that (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans, may exceed the Swingline Commitment then in effect) and (ii) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be Base Rate Loans only.

(b) The Borrower shall repay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Termination Date and the first date after such Swingline Loan is made that is the fifteenth (15^{th}) or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Loan is borrowed, the Borrower shall repay all Swingline Loans then outstanding.

2.7. Procedure for Swingline Borrowing; Refunding of Swingline Loans.

(a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swingline Lender not later than 2:00 P.M., New York City time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to $1,000,000 or a whole multiple thereof. Not later than 5:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in an account of the Borrower specified in writing to the Swingline Lender on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one (1) Business Day's notice given by the Swingline Lender no later than 12:00 Noon, New York City time, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender's Revolving Commitment Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one (1) Business Day after the date of such notice. The proceeds of such Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans.

(c) If prior to the time a Revolving Loan would have otherwise been made pursuant to Section 2.7(b), if for any reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 2.7(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 2.7(b), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Revolving Lender's Revolving Commitment Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Loans referred to in Section 2.7(b) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 4, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.8. Letters of Credit.

(a) Pursuant to the Existing DIP Agreement, prior to the Closing Date, the Fronting Bank[s] issued the Existing Letters of Credit which shall be deemed to be Letters of Credit issued under

this Agreement for all purposes hereunder and under the Loan Documents; provided that nothing in this Section 2.8(a) shall extend, modify or otherwise affect the existing expiration date of any such Existing Letters of Credit. Subject to the terms and conditions hereof, the Borrower may request the Fronting Bank, from time to time during the Revolving Commitment Period, to issue, and subject to the terms and conditions contained herein, the Fronting Bank agrees, in reliance on the agreements of the other Lenders set forth in Section 2.8(e), to issue, for the account of the Borrower, one or more Letters of Credit; provided that (i) no Letter of Credit shall be issued if after giving effect to such issuance, (A) the Letter of Credit Outstandings would exceed the L/C Commitment or (B) the Aggregate Revolving Outstandings would exceed the Total Revolving Commitment; and (ii) no Letter of Credit shall be issued if the Fronting Bank shall have received notice from the Administrative Agent or the Required Lenders (and a copy of such notice shall be delivered to the Borrower) that the conditions to such issuance have not been met.

(b) Each Letter of Credit shall be denominated in Dollars or an Alternative Currency and expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five (5) Business Days prior to the Stated Maturity; provided that any Letter of Credit with a one year term may provide for the renewal thereof for additional one year periods (which, in no event, shall extend beyond the date described in the foregoing clause (y)); provided, further, that if the Termination Date occurs prior to the expiration of any Letter of Credit, and provisions satisfactory to the Fronting Bank for the treatment of such Letter of Credit as a letter of credit under a successor credit facility have not been agreed upon, the Borrower shall, on or prior to the Termination Date, cause all such Letters of Credit to be replaced and returned to the Fronting Bank undrawn and marked "cancelled" or to the extent that the Borrower is unable to so replace and return any Letter(s) of Credit, such Letter(s) of Credit shall be secured by a "back to back" letter of credit satisfactory to the Fronting Bank, or cash collateralized in an amount equal to 105% of the face amount of such Letter(s) of Credit by the deposit by the Borrower of cash in such percentage amount into the L/C Cash Collateral Account. Such cash shall be remitted to the Borrower upon the expiration, cancellation or other termination or satisfaction of all Obligations hereunder.

(c) Each Letter of Credit shall be subject to the ISP and, to the extent not inconsistent therewith, the laws of the state under whose laws each Letter of Credit is issued, as applicable. The Fronting Bank shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Fronting Bank or any Lender to exceed any limits imposed by, any applicable Requirement of Law. The Borrower shall pay to the Fronting Bank, in addition to such other fees and charges as are specifically provided for in Section 2.26, such fees and charges in connection with the issuance, amendment and processing of the Letters of Credit issued by the Fronting Bank as are customarily imposed by the Fronting Bank from time to time in connection with similar letter of credit transactions.

(d) If any drawing shall be presented for payment under any Letter of Credit (which shall be pursuant to a sight drawing), the Fronting Bank shall promptly notify the Borrower of the date and amount thereof. Drawings paid under each Letter of Credit shall be reimbursed by the Borrower not later than the date a drawing is paid (or the next Business Day if the Borrower receives notice of such drawing after 12:00 noon, New York City time) in immediately available funds in an amount equal to (i) if such draft shall be paid in Dollars, the amount so paid or (ii) if such draft shall be paid in an Alternative Currency, the Dollar Equivalent thereof using the Exchange Rate at the time such draft is so paid, on the date that the drawing is paid and shall bear interest from the date the drawing is paid until the drawing is reimbursed in full at a rate per annum equal to the Base Rate plus Applicable Margin for Revolving Loans; it being understood that no interest shall accrue to the extent the Fronting Bank receives payment prior to 2:00 p.m., New York City time, on the date the drawing is paid. The Borrower shall effect such reimbursement (x) if such draw occurs prior to the Termination Date, in cash or through a Borrowing of

Base Rate Loans without the satisfaction of the conditions precedent set forth in Section 4.2 and which Borrowing shall be effected without the need for a request therefor from the Borrower or (y) if such draw occurs on or after the Termination Date, in cash. Each Lender agrees to make the Loans described in clause (x) of the preceding sentence notwithstanding a failure to satisfy the conditions precedent set forth in Section 4.2.

(e) Immediately upon the issuance of any Letter of Credit by the Fronting Bank, the Fronting Bank shall be deemed to have sold to each Lender other than the Fronting Bank, and each such other Lender shall be deemed unconditionally and irrevocably to have purchased from the Fronting Bank, without recourse or warranty, an undivided interest and participation, to the extent of such Lender's Revolving Commitment Percentage, in such Letter of Credit, each drawing thereunder and the obligations of the Loan Parties under this Agreement with respect thereto. Upon any change in the Revolving Commitments pursuant to Section 10.6, it is hereby agreed that with respect to all Letter of Credit Outstandings, there shall be an automatic adjustment to the participations hereby created to reflect the new Revolving Commitment Percentages of the assigning and assignee Lenders. Any action taken or omitted by the Fronting Bank under or in connection with a Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct as determined in a final and non-appealable decision of a court of competent jurisdiction, shall not create for the Fronting Bank any resulting liability to any other Lender.

(f) In the event that the Fronting Bank makes any payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to the Fronting Bank pursuant to Section 2.8(d), the Fronting Bank shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender of such failure, and each Lender shall promptly and unconditionally pay to the Fronting Bank the amount of such Lender's Revolving Commitment Percentage of (i) the amount of such draft, or any part thereof, that is paid in Dollars and is not so reimbursed or (ii) the Dollar Equivalent, using the Exchange Rate at the time such draft is paid, of the amount of such draft, or any part thereof, that is paid in an Alternative Currency and is not so reimbursed. If the Fronting Bank so notifies the Administrative Agent, and the Administrative Agent so notifies the Lenders prior to 11:00 A.M., New York City time, on any Business Day, each Lender shall make available to the Fronting Bank such Lender's Revolving Commitment Percentage of the amount of such payment on such Business Day in same day funds and if such notice is received after such time period, each Lender shall make such payment on the next succeeding Business Day in same day funds). If and to the extent any such Lender shall not have so made its Revolving Commitment Percentage of the amount of such payment available to the Fronting Bank, such Lender agrees to pay to the Fronting Bank, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Fronting Bank at a rate equal to the effective rate for overnight funds in New York as reported by the Federal Reserve Bank of New York for such day (or, if such day is not a Business Day, the next preceding Business Day). The failure of any Lender to make available to the Fronting Bank its Revolving Commitment Percentage of any payment under any Letter of Credit shall not relieve any other Lender of its obligation hereunder to make available to the Fronting Bank its Revolving Commitment Percentage of any payment under any Letter of Credit on the date required, as specified above, but no Lender shall be responsible for the failure of any other Lender to make available to the Fronting Bank such other Lender's Revolving Commitment Percentage of any such payment. Whenever the Fronting Bank receives a payment of a reimbursement obligation as to which it has received any payments from the Lenders pursuant to this paragraph, the Fronting Bank shall pay to each Lender which has paid its Revolving Commitment Percentage thereof, in same day funds, an amount equal to such Lender's Revolving Commitment Percentage thereof.

2.9. Issuance of Letters of Credit. The Borrower may from time to time request that the Fronting Bank issue or amend a Letter of Credit by delivering to the Fronting Bank and the

Administrative Agent a request substantially in the form of Exhibit F (a "Letter of Credit Request") and such other certificates, documents and other papers and information as the Fronting Bank may reasonably request. Upon receipt of a Letter of Credit Request, the Fronting Bank agrees to promptly process each such request and the certificates, documents, L/C Application and other papers and information delivered to it therewith in accordance with its customary procedures and shall issue the Letter of Credit requested thereby (but in no event shall the Fronting Bank be required to issue any Letter of Credit earlier than two (2) Business Days after its receipt of the Letter of Credit Request therefor and all such other certificates, documents, L/C Application and other papers and information relating thereto and unless such terms and conditions of the requested Letter of Credit are commercially customary) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Fronting Bank and the Borrower. Promptly after the issuance or amendment of a Letter of Credit, the Fronting Bank shall notify the Borrower and the Administrative Agent, in writing, of such issuance or amendment and such notice shall be accompanied by a copy of such Letter of Credit or amendment. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender, in writing, of such Letter of Credit or amendment and if so requested by a Lender, the Administrative Agent shall furnish such Lender with a copy of such Letter of Credit or amendment.

2.10. Nature of Letter of Credit Obligations Absolute. The Borrower's obligations in respect of the Letter of Credit Outstandings shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary of any Letter of Credit or against any of the Lenders, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction; (iii) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) payment by the Fronting Bank of any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of the Letter of Credit, except payment resulting from the gross negligence or willful misconduct, as determined in a final and nonappealable decision of a court of competent jurisdiction, of the Fronting Bank; or (v) the fact that any Default or Event of Default shall have occurred and be continuing.

2.11. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Termination Date. The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.12.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing Indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall, in respect of the First Priority Term Facility and the Revolving Facility, record in the Register, with separate sub-accounts for each Lender, (i) the amount and Borrowing Date of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any payment received by the Administrative Agent hereunder from the Borrower and each Lender's Commitment Percentage thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Sections 2.11(b) and (c) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded absent manifest error; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.12. Interest Rates and Payment Dates.

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the Base Rate from time to time plus the Applicable Margin.

(c) Notwithstanding the foregoing, at any time after the occurrence and during the continuance of an Event of Default, the outstanding Obligations shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% (or in the case of any such amounts that do not otherwise bear interest, the rate applicable to Base Rate Loans under the relevant Facility plus 2% or, in the case of any such amounts that do not relate to a particular Facility, the rate then applicable to Base Rate Loans under the Revolving Facility plus 2%).

(d) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.13. Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to Base Rate Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate in respect of an applicable Facility by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate hereunder.

2.14. Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(i) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the

relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period in good faith by such Required Lenders will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans hereunder requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (y) any Loans hereunder that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as Base Rate Loans and (z) any outstanding Eurodollar Loans hereunder shall be converted, on the last day of the then-current Interest Period, to Base Rate Loans; provided that if the circumstances giving rise to such notice shall cease or otherwise become inapplicable to such Required Lenders, then such Required Lenders shall promptly give notice of such change in circumstances to the Administrative Agent and the Borrower. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans hereunder shall be made or continued as such, nor shall the Borrower have the right to convert Loans hereunder to Eurodollar Loans.

2.15. Optional Termination or Reduction of Revolving Commitment. Upon not less than three (3) Business Days' prior written notice to the Administrative Agent, the Borrower may at any time, without premium or penalty, in whole permanently terminate, or from time to time in part permanently reduce, the Total Revolving Commitments; provided that no such termination or reduction of the Total Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans, the Aggregate Revolving Outstandings at such time would exceed the Total Revolving Commitments. Each such partial reduction of the Total Revolving Commitments shall be in the principal amount of $1,000,000 or a whole multiple thereof. Simultaneously with any termination or reduction of the Total Revolving Commitments, the Borrower shall pay to the Administrative Agent for the account of each Lender the Commitment Fee accrued on the amount of the Revolving Commitments of such Lender so terminated or reduced through the date thereof. Any reduction of the Total Revolving Commitment pursuant to this Section 2.15 shall be applied pro rata in accordance with each Lender's Revolving Commitment Percentage to reduce the Revolving Commitment of each such Lender. Partial prepayments of Swingline Loans shall be in an aggregate principal amount of $500,000 or a whole multiple thereof.

2.16. Optional Prepayment of Loans. Subject to the provisos below, the Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent prior to 10:00 A.M., New York City time on the same Business Day, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or Base Rate Loans; provided that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.23. Upon receipt of any such notice of prepayment the Administrative Agent shall notify each relevant Lender thereof on the date of receipt of such notice. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Base Rate Loans) accrued interest to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof. The application of any prepayment pursuant to this Section 2.16 shall be made, first, to Base Rate Loans and, second, to Eurodollar Loans.

2.17. Mandatory Prepayment.

(a) If on any date any Global Entity shall receive Net Cash Proceeds from any Asset Sale or Recovery Event then, subject to the proviso below or unless a Reinvestment Notice shall be delivered in respect thereof, such Global Entity shall, or a Loan Party shall cause such Global Entity to, pay, subject to Section 2.17(d) below, within one (1) Business Day after receipt by such Global Entity such Net Cash Proceeds directly to the Administrative Agent to be applied toward the prepayment of the First Priority Term Loans as set forth in Section 2.17(b) or to repay any outstanding Revolving Loans as set forth in Section 2.17(d); provided that notwithstanding the foregoing, (i) the aggregate Net Cash Proceeds of Asset Sales that may be excluded from the foregoing requirement pursuant to a Reinvestment Notice shall not exceed $50,000,000 in the aggregate during the term of this Agreement, (ii) the aggregate Net Cash Proceeds of Recovery Events that may be excluded from the foregoing requirement pursuant to a Reinvestment Notice shall not exceed $175,000,000 in the aggregate during the term of this Agreement, (iii) on each Reinvestment Prepayment Date, an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event shall be applied toward the prepayment of the First Priority Term Loans and (iv) the Borrower shall not be required pursuant to this Section 2.17(a) to apply (x) Net Cash Proceeds of any Turbine Disposition of less than $150,000,000 in the aggregate during the term of this Agreement and (y) $200,000,000 in the aggregate during the term of this Agreement of Net Cash Proceeds of any other Asset Sale.

(b) Amounts to be applied in connection with prepayments of the Loans and Commitment reductions made pursuant to Section 2.17(a) shall be applied to the prepayment of the First Priority Term Loans (in accordance with Section 2.20(b)) until the First Priority Term Loans are paid in full. The application of any prepayment pursuant to Section 2.17 shall be made on a pro rata basis to the then outstanding First Priority Term Loans irrespective of whether such outstanding First Priority Term Loans are Base Rate Loans or Eurodollar Loans; provided that if all First Priority Term Lenders accept such prepayment pursuant to Section 2.17(d), then, with respect to such prepayment, the amount of such prepayment shall be applied first to First Priority Term Loans that are Base Rate Loans to the full extent thereof before application to First Priority Term Loans that are Eurodollar Loans in a manner that minimizes the amount of any payments required to be made by the Borrower pursuant to Section 2.23; [provided further that in the event any Lender rejects the offer in Section 2.17(d) in respect of a Prepayment Amount, the Borrower shall not be required to pay breakage amounts under Section 2.23 in any greater amount than would have been paid in accordance with the preceding proviso]. Each prepayment of the Loans under Section 2.17 shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

(c) Upon the Termination Date, the Total Commitment shall automatically terminate in full and the Borrower shall pay the Loans in full (including all accrued and unpaid interest thereon, Fees and other Obligations in respect thereof) and, if there are any Letter of Credit Outstandings constituting undrawn Letters of Credit, the Borrower shall replace such Letter(s) of Credit, provide a "back-to-back" letter of credit acceptable to the Fronting Bank or collateralize such Letter of Credit Outstandings, in each case in the manner set forth in Section 2.8(b).

(d) Notwithstanding anything to the contrary in this Section 2.17 or 2.20, with respect to the amount of any mandatory prepayment described in Section 2.17 (such amount, the "Prepayment Amount"), the Borrower will not be required to prepay such amounts until such time as the aggregate Net Cash Proceeds from Asset Sales or Recovery Events required to be so prepaid and not yet so prepaid or offered as prepayment under this Section 2.17 exceeds $25,000,000, and on the date specified in Section 2.17 for such prepayment in lieu of making such prepayment to the Administrative Agent, shall give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent prepare and provide to each First Priority Term Lender a notice (each, a

"Prepayment Option Notice") as described below. As promptly as practicable after receiving such notice from the Borrower, the Administrative Agent will send to each First Priority Term Lender a Prepayment Option Notice, which shall be substantially in the form of Exhibit M, and shall include an offer ("Offer") by the Borrower to prepay on the date (each a "Mandatory Prepayment Date") that is ten (10) Business Days after the date of the Prepayment Option Notice, the relevant First Priority Term Loans of such First Priority Term Lender by an amount equal to the portion of the Prepayment Amount indicated in such Lender's Prepayment Option Notice. Each First Priority Term Lender may accept or reject the Offer contained in the Prepayment Option Notice. Unless the Offer is affirmatively accepted by a First Priority Term Lender as set forth below, the Offer shall be deemed rejected by such First Priority Term Lender. With respect to First Priority Term Lenders accepting such Offer, on the Mandatory Prepayment Date, the Borrower shall pay directly to the Administrative Agent; for payment to the relevant First Priority Term Lenders, the aggregate amount necessary to prepay that portion of the outstanding relevant First Priority Term Loans in respect of which such Lenders have accepted prepayment. Any First Priority Term Lenders accepting such Offer must, as soon as practicable, but in no event later than five (5) Business Days after receipt of the Prepayment Option Notice, give the Administrative Agent telephonic notice (promptly confirmed in writing) of such acceptance and the Administrative Agent will give the Borrower corresponding telephonic notice (promptly confirmed in writing). The amount equal to the portion of the Prepayment Amount for which no notification of acceptance of the Offer was received will be used by the Borrower on the Mandatory Prepayment Date to repay any outstanding Revolving Loans until such Revolving Loans are repaid; provided that such repayments of the Revolving Loans shall not reduce the Total Revolving Commitments. Any amount of such Prepayment Amount remaining after repaying the Revolving Loans in full may be used by the Borrower as it elects in accordance with this Agreement.

2.18. Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to Base Rate Loans by giving the Administrative Agent prior irrevocable notice, in substantially the form attached hereto as Exhibit K, of such election no later than 12:00 Noon, New York City time, on the Business Day preceding the proposed conversion date, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Base Rate Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 12:00 Noon, New York City time, on the third (3rd) Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no Base Rate Loan under a particular Facility may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan under a particular Facility may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.19. Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of

Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $5,000,000 or a whole multiple of $1,000,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

2.20. Pro Rata Treatment, etc.

(a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made pro rata according to the respective First Priority Term Percentages or Revolving Commitment Percentages, as the case may be, of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal and interest on the First Priority Term Loans shall be made pro rata according to the respective outstanding principal amount of the First Priority Term Loans then held by the First Priority Term Lenders (except as otherwise provided in Section 2.17(d)). The amount of each principal prepayment of the First Priority Term Loans shall be applied to reduce the then remaining scheduled installments of First Priority Term Loans pro rata based upon the respective then remaining principal amounts thereof; provided that, at the Borrower's option, any such prepayment of the First Priority Term Loans may be applied to the scheduled principal installments of the First Priority Term Loans occurring in the first 24 months following the date of such payment in direct order of maturity and then to ratably reduce all remaining scheduled installments thereof. Amounts prepaid on account of the First Priority Term Loans may not be reborrowed.

(c) Each payment (including each prepayment) by the Borrower on account of principal or interest on the Revolving Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments by the Borrower hereunder and under the Notes shall be made in Dollars in immediately available funds at the Funding Office of the Administrative Agent by 2:00 P.M., New York City time, on the date on which such payment shall be due, provided that if any payment hereunder would become due and payable on a day other than a Business Day such payment shall become due and payable on the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. Interest in respect of any Loan hereunder shall accrue from and including the date of such Loan to but excluding the date on which such Loan is paid in full.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three (3) Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount

with interest thereon at the rate per annum applicable to Base Rate Loans under the relevant Facility, on demand, from the Borrower, such recovery to be without prejudice to the rights of the Borrower against any such Lender.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three (3) Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.21. Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case, made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.22 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in Letters of Credit or Swingline Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for

such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than 180 days prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such 180 days period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.22. Taxes. (a) All payments made by the Borrower under this Agreement and the other Loan Documents shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes, gross receipt taxes (imposed in lieu of net income taxes) and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent, the Fronting Bank or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, the Fronting Bank or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent, the Fronting Bank or any Lender hereunder, the amounts so payable to the Administrative Agent, the Fronting Bank or such Lender shall be increased to the extent necessary to yield to the Administrative Agent, the Fronting Bank or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the Fronting Bank or the relevant Lender, as the case may be, a certified copy of an original official receipt received, if any, by the Borrower or other documentary evidence showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the

Fronting Bank or the Lenders for any such taxes and for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or the Fronting Bank or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN, Form W-8ECI or W-81MY (and all necessary attachments), or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit J and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(f) If the Administrative Agent, the Fronting Bank or any Lender determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.22, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.22 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent, the Fronting Bank or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower, upon the request of the Administrative Agent, the Fronting Bank or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent, the Fronting Bank or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent, the Fronting Bank or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) The agreements in this Section 2.22 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.23. Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment or conversion of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than 180 days prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such 180 days period shall be extended to include the period of such retroactive effect. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.24. Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.21 or 2.22(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided that such designation is made on terms that, in the good faith judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.21 or 2.22(a).

2.25. Fees.

(a) The Borrower shall pay to the Administrative Agent, for the account of each Revolving Lender, a commitment fee (the "Commitment Fee") for the period commencing on the Closing Date to the Termination Date, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable in arrears on each Fee Payment Date commencing on the first such date to occur after the Closing Date.

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates as set forth in any fee agreements with the Administrative Agent and to perform any other obligations contained therein.

2.26. Letter of Credit Fees. The Borrower shall pay with respect to each Letter of Credit (a) to the Administrative Agent for the ratable benefit of the Revolving Lenders, a fee on all outstanding Letters of Credit calculated from and including the date of issuance of such Letter of Credit to the expiration or termination date of such Letter of Credit at a rate per annum equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility and (b) to the Fronting Bank for its own account a fronting fee of 0.25% per annum (or such lesser amount as may be agreed to by the applicable Fronting Bank) on the undrawn and unexpired amount of each Letter of Credit (calculated, in the case of any Letter of Credit denominated in an Alternative Currency, on the basis of the Exchange Rate in effect on the date payment of such fee is due). Accrued fees described in the foregoing sentence of this Section in respect of each Letter of Credit shall be due and payable quarterly in arrears on each Fee Payment Date, commencing on the first such date to occur after the date hereof.

2.27. Nature of Fees. All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent (for the respective accounts of the Administrative Agent, the Fronting Bank and the Lenders), as provided herein. Once paid, none of the Fees shall be refundable under any circumstances.

2.28. Priority and Liens.

(a) The Loan Parties hereby covenant, represent and warrant that, upon entry of the DIP Refinancing Order and the repayment of the obligations outstanding under the Existing DIP Agreement, the Obligations of the Loan Parties hereunder and under the other Loan Documents and the DIP Refinancing Order, (i) pursuant to Section 364(c)(1) of the Bankruptcy Code, shall at all times constitute allowed Superpriority Claims, (ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, shall be secured by a perfected first priority Lien on, and security interest in, all present and after-acquired property of the Debtors not subject to a valid, perfected and non-avoidable lien or security interest in existence on the Petition Date or to a valid lien in existence on the Petition Date that is perfected subsequent to the Petition Date as permitted by Bankruptcy Code Section 546(b) (but excluding the Borrower's and the Guarantors' rights in respect of avoidance actions under the Bankruptcy Code and the proceeds thereof); (iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, shall be secured by a perfected junior Lien on, and security interest in, all present and after-acquired property of the Debtors that is otherwise subject to a valid, perfected and non-avoidable lien or security interest in existence on the Petition Date or a valid lien in existence on the Petition Date that is perfected subsequent to the Petition Date as permitted by Bankruptcy Code Section 546(b), and (iv) pursuant to Section 364(d) of the Bankruptcy Code, shall be secured by a perfected first priority priming lien on, and security interest in, all present and after-acquired property of the Debtors that is subject to replacement liens granted pursuant to and under the Cash Collateral Order in respect of the Calpine Second Lien Debt (as defined in the Cash Collateral Order), which security interests and liens in favor of the Collateral Agent shall be senior to such replacement liens , subject and subordinate in each case with respect to subclauses (i) through (iv) above, only to, in the event of the occurrence and during the continuance of an Event of Default, the payment of (A) unpaid fees and expenses of professionals retained by the Debtors or any official committee (each a "Committee") appointed in accordance with Section 1102 of the Bankruptcy Code and the reasonable expenses of members of any Committee or otherwise that are (I) incurred prior to the occurrence and continuance of such Event of Default and (II) allowed by the Bankruptcy Court, at any time, under sections 105(a), 330, 331 and 503(b)(3) of the Bankruptcy Code, (B) unpaid fees and expenses of professionals retained by the Debtors or any Committee and the reasonable expenses of members of any Committee up to an aggregate amount not to exceed $50,000,000 that (I) are incurred after the occurrence and during the continuance of such Event of Default and (II) allowed by the Bankruptcy Court, at any time, under Sections 105(a), 330, 331 and 503(b)(3) of the Bankruptcy Code or otherwise, (C) in the event of a conversion of the Cases, the reasonable fees and expenses of a chapter 7 trustee under section 726(b) of the Bankruptcy Code in an amount not exceeding $2,000,000, and (D) fees

required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under 28 U.S.C. §1930(a) (collectively, the "Carve-Out"), provided, however that the Carve-Out shall not include any fees or expenses incurred in challenging the Liens or Superpriority Claims of the Collateral Agent, Administrative Agent or Lenders granted under the Existing DIP Agreement or any of the documents, instruments or agreement executed or delivered in connection therewith, this Agreement, the Security and Pledge Agreement and the DIP Refinancing Order (it being understood that, in the event of (i) a liquidation of the Borrower's and the other Debtors' estates, (ii) the occurrence of the effective date of a Reorganization Plan or (iii) the consummation of the sale of all or substantially all of the Borrower's or the other Debtors' assets, an amount equal to the Carve-Out shall be reserved from the proceeds of such liquidation, such Reorganization Plan, such sale or from cash held in the estates at such time, and held in a segregated account prior to the making of the distributions); provided, further, however, no Loan Party shall be required to pledge to the Collateral Agent (i) in excess of 65% of the voting Capital Stock of its direct Foreign Subsidiaries or any of the Capital Stock or interests of its indirect Foreign Subsidiaries if adverse tax consequences would result to the Borrower from such pledge, (ii) the Capital Stock of Calpine Pasadena Cogeneration, Inc. and Calpine Texas Cogeneration, Inc., to the extent the pledge thereof is prohibited by the documents governing the leveraged lease transaction under which Pasadena Cogeneration L.P. is the facility lessee, and such entities are not Debtors, (iii) the Capital Stock of Androscoggin Energy, LLC, Bethpage Energy Center 3, LLC, Calpine Canada Energy Finance ULC, Calpine Canada Energy Ltd., Calpine Merchant Services Company, Inc., Calpine Newark, LLC, Calpine Parlin, LLC and CPN Insurance Corporation, (iv) the stock of any Subsidiary that is not a Debtor owned by any Subsidiary that becomes a Debtor after the Closing Date to the extent such pledge would constitute a default under project documents, result in a right of refusal, call or put options being activated, or to the extent such entity is a debtor in another bankruptcy case in another jurisdiction, or insurance company or such grant of a security interest is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument, other document or any applicable shareholder or similar agreement relating thereto or conflicts with any applicable law and (v) any of the assets of O.L.S. Energy-Agnews, Inc., Broad River Energy LLC, South Point Energy Center LLC, Calpine Greenleaf Holdings, Inc., Calpine Greenleaf, Inc. or Calpine Monterey Cogeneration, Inc. For clarity, the Administrative Agent and Lenders agree that so long as no Event of Default shall have occurred and be continuing, the Debtors shall be permitted to pay compensation and reimbursement of fees and expenses allowed and payable under Bankruptcy Code Sections 105(a), 330, and 331, as the same may be due and payable, and neither such amounts nor any retainers paid to the professionals retained by the Debtors or any Committee, nor any fees, expenses, indemnities or other amounts paid to any Agent, Lender or their respective attorneys and agents under this Agreement, shall reduce the Carve-Out, provided that nothing herein shall be construed to impair the ability of any party to object to any of the fees, expenses, reimbursement or compensation described in clauses (ii) and (iii) above, and provided, further, that cash or other amounts on deposit in the L/C Cash Collateral Account shall not be subject to the Carve-Out.

(b) The Loan Parties hereby covenant, represent and warrant that, upon entry of the DIP Refinancing Order and the repayment of the CalGen Prepetition Secured Obligations, the Obligations of the Loan Parties hereunder and the other Loan Documents shall be secured by a perfected first priority Lien on, and security interest in, all present and hereafter acquired property of the CalGen Parties that secured the CalGen Prepetition Secured Obligations; provided that the Liens of the Collateral Agent and the Lenders hereunder on such property shall rank junior to the Liens of the holders of the CalGen Prepetition Secured Obligations that secure the CalGen Makewhole Payment until the earlier to occur of (x) the date that the CalGen Order shall have become a Final Order and (y) the CalGen Makewhole Payment shall have been satisfied in full.

(c) As to all Collateral, each Loan Party hereby assigns and conveys as security, grants a security interest in, hypothecates, mortgages, pledges and sets over unto the Collateral Agent all

of the right, title and interest of the Borrower and such Guarantor in all of such Collateral. The Borrower and each Guarantor acknowledges that, pursuant to the DIP Refinancing Order, the Liens granted in favor of the Collateral Agent (on behalf of the Lenders) in all of the Collateral shall be perfected without the recordation of any Uniform Commercial Code financing statements, notices of Lien or other instruments. The Borrower and each Guarantor further agrees that (a) the Collateral Agent shall have the rights and remedies set forth in the Security and Pledge Agreement in respect of the Collateral and (b) if requested by the Collateral Agent, the Borrower and each of the Guarantors shall enter into separate security agreements, pledge agreements and fee and leasehold mortgages with respect to such Collateral on terms reasonably satisfactory to the Collateral Agent.

2.29. Security Interest in L/C Cash Collateral Account. Pursuant to Section 364(c)(2) of the Bankruptcy Code, the Loan Parties hereby assign and pledge to the Collateral Agent (for the ratable benefit of the Lenders and as security for the Obligations), and hereby grant to the Collateral Agent (for the ratable benefit of the Lenders) a first priority security interest, senior to all other Liens, if any, in all of the Loan Parties' right, title and interest in and to the L/C Cash Collateral Account and any direct investment of the funds contained therein.

2.30. Payment of Obligations. Upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents, the Lenders shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

2.31. No Discharge; Survival of Claims. The Borrower and each Guarantor agrees that to the extent its Obligations hereunder are not satisfied in full, (a) its Obligations arising hereunder shall not be discharged by the entry of a Confirmation Order (and each Loan Party, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge) and (b) the Superpriority Claim granted to the Administrative Agent and the Lenders pursuant to the DIP Refinancing Order and described in Section 2.28 and the Liens granted to the Collateral Agent pursuant to the DIP Refinancing Order and described in Section 2.28 shall not be affected in any manner by the entry of a Confirmation Order.

2.32. Conversion to Exit Facility Agreement. Upon the satisfaction or waiver of the conditions precedent to effectiveness set forth in the Exit Facility Agreement, automatically and without any further consent or action required by the Administrative Agent, the Collateral Agent, the Joint Lead Arrangers or any Lender, (i) the Borrower, in its capacity as reorganized Calpine Corporation, and each Guarantor, in its capacity as a reorganized Debtor, shall assume all obligations in respect of the Loans hereunder and all other monetary obligations in respect hereof, (ii) each Loan hereunder shall be continued as a Loan under the Exit Facility Agreement, (iii) each Lender hereunder shall be a Lender under the Exit Facility Agreement and (iv) this Agreement shall terminate and be superseded and replaced by, and deemed amended and restated in its entirety in the form of, the Exit Facility Agreement (with such changes reasonably satisfactory to the Administrative Agent and the Borrower thereto deemed incorporated as necessary to make such technical changes necessary to effectuate the intent of this Section 2.32), and the Commitments hereunder shall terminate. Notwithstanding the foregoing, all obligations of the Borrower and the Guarantors to the Agents, the Joint Lead Arrangers, the Fronting Bank and the Lenders under this Agreement and any other Loan Document (except the Exit Facility Agreement) which are expressly stated in this Agreement or such other Loan Document as surviving such agreement's termination shall, as so specified, survive without prejudice and remain in full force and effect.

2.33. Incremental Term Loans.

(a) The Borrower may at any time and from time to time after the Closing Date, by notice to the Administrative Agent (whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders), request one or more additional tranches of term loans (the "Incremental Term Loans"); provided that (i) the proceeds of such Incremental Term Loans shall be applied to repay secured debt, secured lease obligations or preferred securities of any project level Subsidiary, so long as the assets of such Subsidiary (to the extent such Liens are not prohibited by contractual restrictions existing as of the Closing Date and then in effect), and the equity interests in such Subsidiary and each intermediate holding company between such Subsidiary and the Borrower (to the extent Liens on the equity interests of such intermediate holding company are not prohibited by contractual restrictions existing as of the Closing Date and then in effect) shall be, upon such repayment, included as Collateral, in each case except to the extent set forth on Schedule 2.33 annexed hereto (it being understood that to the extent that any such Liens on such assets are prohibited by contractual restrictions existing as of the Closing Date and then in effect, the Borrower shall not permit any additional consensual Liens on such assets), (ii) at the time that any such Incremental Term Loan is made (immediately after giving effect thereto), no Default or Event of Default shall have occurred and be continuing, (iii) the Borrower shall be in compliance with the covenants set forth in Section 6.15 determined on a pro forma basis as of the date of such Incremental Term Loan and the last day of the most recent fiscal period of the Borrower for which financial statements have been provided, in each case, as if such Incremental Term Loans had been outstanding on the last day of such fiscal quarter of the Borrower for testing compliance therewith and after giving effect to any other customary and appropriate pro forma adjustment events, including any acquisitions or dispositions after the beginning of the relevant fiscal quarter but prior to or simultaneous with the borrowing of such Incremental Term Loan, (iv) all fees and expenses owing in respect of such increase to the Agents and the Lenders shall have been paid, (v) if the Applicable Margin with respect to such Incremental Term Loans shall be higher than the Applicable Margin then in effect for the First Priority Term Loans plus 0.50%, such Applicable Margin with respect to the First Priority Term Loans shall be automatically adjusted to be equal to the relevant Applicable Margin relating to such Incremental Term Loans; (vi) S&P and Moody's shall have reaffirmed (with no negative outlook) the ratings then in effect for the Facilities, after taking into account the incurrence of such Incremental Term Loans; provided that no such rating affirmation shall be required with respect to any issuance of Incremental Term Loans unless such Incremental Term Loans would cause the aggregate amount of Incremental Term Loans incurred pursuant to this Section 2.33 to exceed $500,000,000 or each increment of $500,000,000 of Incremental Term Loans incurred pursuant to this Section 2.33 and (vii) the other terms and conditions in respect of such Incremental Term Loans (other than pricing and amortization), to the extent not consistent with the Facilities, shall otherwise be reasonably satisfactory to the Administrative Agent; provided that clauses (v) and (vi) shall not be applicable to Incremental Term Loans incurred to repay secured debt, secured lease obligations or preferred securities described on Schedule 2.33. Each tranche of Incremental Term Loans shall be in an aggregate principal amount that is not less than $25,000,000 (provided that such amount may be less than $25,000,000 if such amount represents all remaining availability under the limit set forth in paragraph (c) below). The Incremental Term Loans (a) shall rank pari passu in right of payment and of security with the First Priority Term Loans, (b) shall mature concurrently with the First Priority Term Loans and (c) for purposes of repayments shall be treated substantially the same as the First Priority Term Loans (including with respect to mandatory and voluntary prepayments and scheduled amortization). Each notice from the Borrower pursuant to this Section 2.33 shall set forth the requested amount and proposed terms of the relevant Incremental Term Loans. Incremental Term Loans may be made by any existing Lender (and each existing First Priority Term Lender will have the right, but not an obligation, to make a portion of any Incremental Term Loan or by any other bank or other financial institution (any such other bank or other financial institution being called a "New Lender"); provided that the Administrative Agent shall have consented (such consent not to be unreasonably withheld) to such Lender or New Lender making such Incremental Term Loans if such consent would be required under Section 10.6 for an assignment of First Priority Term Loans to such Lender or New Lender. Commitments in respect of Incremental Term Loans shall become Commitments

under this Agreement pursuant to an amendment (an "Incremental Commitment Supplement") substantially in the form of Exhibit L to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, the Guarantors, each Lender agreeing to provide such Commitment, if any, each New Lender, if any, and the Administrative Agent. An Incremental Commitment Supplement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provision of this Section 2.33.

(b) The effectiveness of any Incremental Term Loans permitted by this Section 2.33 shall be subject to the satisfaction of each of the conditions set forth in Section 4.2 and such other conditions as the parties thereto shall agree.

(c) Notwithstanding anything to the contrary in this Section 2.33, (i) in no event shall the amount of the Incremental Term Loans permitted by this Section 2.33 exceed $2,000,000,000 in the aggregate and (ii) no Lender shall have any obligation to make an Incremental Term Loan unless it agrees to do so in its sole discretion.

SECTION 3

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make Extensions of Credit hereunder, the Borrower and each of the Guarantors jointly and severally represent and warrant on each date required pursuant to Section 4 to each Lender as follows:

3.1. Organization and Authority. Each Loan Party (a) is duly organized and validly existing under the laws of the state of its organization or incorporation and is duly qualified as a foreign corporation and is in good standing in the jurisdiction of its organization and in each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except in each case, in which the failure to so qualify, could not reasonably be expected to have a Material Adverse Effect; (b) subject to the entry by the Bankruptcy Court of the DIP Refinancing Order, has the requisite corporate or limited liability company power and authority, as the case may be, to effect the transactions contemplated hereby and by the other Loan Documents, and (c) subject to the entry by the Bankruptcy Court of the DIP Refinancing Order, has all requisite corporate or limited liability company power and authority and the legal right to own and operate its properties, to lease the properties it operates as lessee and to conduct its business as now or currently proposed to be conducted and to pledge and mortgage its properties as required by the Loan Documents.

3.2. Due Execution; Binding Obligation. Upon entry by the Bankruptcy Court of the DIP Refinancing Order, the execution, delivery and performance by the Loan Parties of each of the Loan Documents to which it is a party, and the commencement of the Cases (i) are within the respective corporate or limited liability company powers of each Loan Party, as the case may be, have been duly authorized by all necessary corporate or limited liability company action, as the case may be, including the consent of shareholders or member(s) where required, and do not (A) contravene the charter, by-laws or other organizational documents of any Loan Party, (B) violate any applicable law (including without limitation, the Securities Exchange Act of 1934) or regulation (including without limitation, Regulation U or X of the Board of Governors), or any order or decree of any Governmental Authority binding on any such Loan Party, in each case, which could reasonably be expected to have a Material Adverse Effect, (C) conflict with or result in a breach of, or constitute a default under, any material Contractual Obligation of any Loan Party entered into on or after the Petition Date, including any material indenture, mortgage or deed of trust entered into on or after the Petition Date, any material provision of any security issued by

any Loan Party on or after the Petition Date or any material lease, agreement, instrument or other undertaking entered into on or after the Petition Date binding on any Loan Party or any of their properties, or (D) result in or require the creation or imposition of any Lien upon any of the property of any Loan Party other than the Liens permitted or granted pursuant to this Agreement, the other Loan Documents or the DIP Refinancing Order; and (ii) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority (other than the entry of the DIP Refinancing Order). Upon entry by the Bankruptcy Court of the DIP Refinancing Order, this Agreement has been duly executed and delivered by each Loan Party. This Agreement is, and each of the other Loan Documents to which each Loan Party is or will be a party, when delivered hereunder or thereunder, and upon entry and subject to the terms of the DIP Refinancing Order, will be, a legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms and the DIP Refinancing Order.

3.3. Statements Made. The statements, written or oral, which have been made by any Loan Party to the Administrative Agent, any of the Lenders or to the Bankruptcy Court in connection with any Loan Document, and any financial statement delivered pursuant hereto or thereto (other than to the extent that any such statements constitute projections or other forward-looking statements), taken as a whole and in light of the circumstances in which made, contain no untrue statement of a material fact and do not omit to state a material fact necessary to make such statements not misleading in any case, which have not been, prior to the date hereof, corrected, supplemented, or remedied by subsequent documents furnished or statements made orally or in writing to the Administrative Agent, Lenders or the Bankruptcy Court (as appropriate); and, to the extent that any such written statements constitute projections or other forward-looking statements, such projections or other forward-looking statements were prepared in good faith on the basis of assumptions, methods, data, tests and information believed by such Loan Party to be valid and accurate in all material respects at the time such projections were furnished to the Administrative Agent, any Lender or the Bankruptcy Court; it being understood that (i) any such Projections and Budgets and other forward-looking statements furnished to the Administrative Agent and the Lenders is forward-looking information subject to significant uncertainties and contingencies, which may be beyond the Borrower's or Guarantors' control, (ii) no assurance is given by the Borrower or the Guarantors that such forecasts and projections and other forward-looking information furnished to the Administrative Agent or the Lenders will be realized, (iii) the actual results may differ from such Projections, Budgets and other forward-looking information furnished to the Lenders and (iv) such differences may be material.

3.4. Financial Statements. The Borrower has furnished the Administrative Agent and the Lenders with copies of (i) consolidated audited financial statements of the Global Entities for the fiscal year ended [December 31, 2006], (ii) consolidated unaudited financial statements of the Global Entities for the fiscal quarter ended _____ __, 200_ and (iii) unaudited consolidating financial statements of the Material Subsidiaries for the fiscal quarter ended _____ __, 200_. All such financial statements are complete and correct and fairly present in all material respects the financial condition of the Global Entities or Material Subsidiaries, as applicable, as at such dates and the results of their operations for the fiscal periods ended on such dates (in the case of any unaudited financial statement, subject to year-end audit adjustments and the absence of footnotes) all in accordance with GAAP applied on a consistent basis. Except as set forth on Schedule 3.4 and as referred to or provided in the balance sheet referred to above, the Borrower and the Material Subsidiaries, as a whole, do not have on the date hereof any material liabilities or liabilities for taxes. Since the Petition Date, there has not occurred, or become known, any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect, other than those events which customarily occur following the commencement of a case under Chapter 11 of the Bankruptcy Code.

3.5. Loan Parties. Except as disclosed to the Administrative Agent and the Lenders by the Borrower in writing from time to time after the Closing Date, (a) Schedule 3.5 sets forth the name, Petition Date, location of chief executive office, location of Inventory and Equipment (as each such term is defined in the New York UCC) (other than Inventory or Equipment that is temporarily absent for maintenance, repair, refurbishment or bona fide business purposes in the ordinary course of business or is in transit between locations set forth on Schedule 3.5) and jurisdiction of incorporation of each Loan Party and, as to each such Loan Party, the percentage of each class of Capital Stock owned by such Loan Party and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options or restricted stock granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of any Material Subsidiary, except as created by the Loan Documents or other Permitted Liens.

3.6. Title to Assets; Liens.

(a) As of the Closing Date, each of the Credit Parties has good and marketable title (subject only to Permitted Liens) to the material properties shown to be owned by the Credit Parties on the Borrower's balance sheet as of _____ __, 200_, except for properties subject to Dispositions which were permitted under the Existing DIP Agreement. Each of the Credit Parties owns and has on the date hereof good and marketable title or subsisting leasehold interests subject to Permitted Liens to, and enjoys on the date hereof peaceful and undisturbed possession of, all such material properties that are necessary for the operation and conduct of its businesses.

(b) There are no Liens of any nature whatsoever on any assets of any Credit Party other than: (i) Liens granted pursuant to the DIP Refinancing Order, this Agreement and the Security and Pledge Agreement and (ii) other Permitted Liens. No Credit Party is party to any contract, agreement, lease or instrument entered into on or after the Petition Date the performance of which, either unconditionally or upon the happening of an event, will result in or require the creation of a Lien that is not a Permitted Lien on any assets of such Credit Party in violation of this Agreement, the DIP Refinancing Order or the Security and Pledge Agreement.

3.7. No Default. No "Voting Rights Trigger Event", defaults, events of default or similar events have occurred under the Preferred Equity Documents, except to the extent that (x) any such "Voting Rights Trigger Event" occurred solely as a result of the commencement of the Cases and has been stayed and not exercised or (y) any such "Voting Rights Trigger Event", default, event of default or similar event has not resulted in a change of control or similar event at CCFC Preferred Holdings, LLC or any of its Subsidiaries or in a foreclosure or acceleration action by lenders of Indebtedness of CCFC Preferred Holdings, LLC or any of its Subsidiaries.

3.8. Approvals. Except for the DIP Refinancing Order, no Authorizations of any Governmental Authority, or any applicable securities exchange, are necessary for the execution, delivery or performance by each Loan Party of the Loan Documents to which it is a party, or for the legality, validity or enforceability hereof or thereof.

3.9. The DIP Refinancing Order. As of the date of the making of any Extension of Credit hereunder, the DIP Refinancing Order has been entered and has not been stayed, amended, vacated, reversed, rescinded or otherwise modified in any respect (except in accordance with the terms hereof).

3.10. Use of Proceeds. The proceeds of the First Priority Term Loans shall be used (a) to refinance the obligations under the Existing DIP Agreement, (b) to repay and redeem the CalGen Prepetition Secured Obligations, (c) to refinance in full secured debt and secured lease obligations of any

Subsidiary of the Borrower and preferred securities existing on the Closing Date listed on Schedule 3.10 and (d) for working capital and other general corporate purposes of the Loan Parties and, to the extent permitted by this Agreement, their Subsidiaries. The proceeds of the Revolving Facility shall be used (a) for working capital and other general corporate purposes of the Loan Parties and, to the extent permitted by this Agreement, their Subsidiaries, (b) at the Borrower's election, to satisfy the CalGen Makewhole Payment, if any, and (c) to fund distributions to holders of claims payable pursuant to a Reorganization Plan confirmed by the Bankruptcy Court pursuant to the Confirmation Order in any of the Cases.

3.11. Disclosed Matters. Except as disclosed in writing to the Administrative Agent and the Lenders prior to the date hereof, to each Loan Party's knowledge there are no unstayed legal or arbitral proceedings, or any proceedings or investigation by or before any governmental or regulatory authority or agency, pending or threatened in writing to any Loan Party, or (to the actual knowledge of the Borrower) threatened against any Loan Party which is reasonably likely to be determined adversely and if so determined would have a Material Adverse Effect or that seek to enjoin or delay any of the transactions contemplated hereby.

3.12. Federal Regulations. No part of the proceeds of any Loans, and no other Extensions of Credit hereunder, will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board of Governors. If requested by any Lender or the Administrative Agent in order to comply with any Requirement of Law, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

3.13. Compliance with Law. No Credit Party is in violation of any applicable law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, the violation of which, or a default with respect to which, could reasonably be expected to have a Material Adverse Effect.

3.14. Taxes. Each Credit Party has filed or caused to be filed all Federal and state income tax and other material tax returns that are required to be filed and subject to extension periods has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Credit Party); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

3.15. ERISA. Except as, individually or in the aggregate, does not or could not reasonably be expected to result in a Material Adverse Effect: neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all respects with the applicable provisions of ERISA and the Code; no termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period; the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits; neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan; neither the Borrower nor any Commonly Controlled Entity would become subject to any liability under

ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made; and no such Multiemployer Plan is in ERISA Reorganization or Insolvent.

3.16. Environmental Matters; Hazardous Material. Except as in the aggregate, could not reasonably be expected to result in a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by any Credit Party (the "Properties") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute a violation of, or could give rise to liability under, any Environmental Law;

(b) no Credit Party has received or is aware of any written notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters arising under or compliance with Environmental Laws with regard to any of the Properties or the business operated by any Credit Party (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will reasonably be expected to be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that would reasonably be expected to give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that would reasonably be expected to give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which any Credit Party is or, to the knowledge of the Borrower, will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Credit Party in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no Material of Environmental Concern at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and

(g) no Credit Party has contractually assumed or, to the knowledge of the Borrower, assumed by operation of law any liability of any other Person under Environmental Laws.

3.17. Investment Company Act; Other Regulations. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

3.18. Intellectual Property. Each Credit Party owns, or is licensed to use, all material Intellectual Property necessary for the conduct of its business as currently conducted ("Material Intellectual Property"). No claim has been asserted and is pending by any Person challenging or questioning the use of any Material Intellectual Property or the validity or effectiveness of any Material Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by each Credit Party, to the knowledge of a Responsible Officer, does not infringe on the rights of any Person in any material respect.

3.19. Insurance. All policies of insurance of any kind or nature owned by or issued to each Credit Party, including without limitation, policies of life, fire, theft, product liability, public liability, property damage, other casualty, employee fidelity, workers' compensation, employee health and welfare, title, property and liability insurance, are in full force and effect except to the extent commercially reasonably determined by the Borrower not to be necessary pursuant to the immediately succeeding clause or which is not material to the overall coverage and are of a nature and provide such coverage as in the reasonable opinion of the Borrower, is sufficient and as is customarily carried by companies of the size and character of the Credit Parties.

3.20. Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Credit Party pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Credit Party have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Credit Party on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Credit Party.

3.21. Intercompany Balances. Set forth on Schedule 3.21 are the intercompany loans and other indebtedness of the Material Subsidiaries to the Borrower, including without limitation, the principal amount of any indebtedness shown on the consolidated books and records of the Borrower as being payable as of Petition Date of the Borrower by such Material Subsidiary without giving effect to any conversion of such indebtedness to an equity contribution by the Borrower and whether or not evidenced by a promissory note.

SECTION 4

CONDITIONS PRECEDENT

4.1. Conditions to the Closing Date. The occurrence of the Closing Date is subject to the satisfaction or waiver of the following conditions precedent:

(a) Credit Agreement. The Administrative Agent shall have received this Agreement and the Security and Pledge Agreement, each executed and delivered by a duly authorized officer of each Loan Party.

(b) Corporate Documents and Proceedings. The Administrative Agent shall have received for each Loan Party on the Closing Date, a certificate of the Secretary or an Assistant Secretary or a duly authorized officer of each Loan Party dated the date of the initial Extension of Credit hereunder, in substantially the form attached hereto as Exhibit B, certifying (A) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors (or equivalent governing body) of such entity, authorizing the transactions contemplated hereby and (B) as to the incumbency and specimen signature of each officer (or other authorized signatory) of such entity executing this Agreement, the Notes to be executed by it and the Loan Documents or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another officer (or other authorized representative) of such entity as to the incumbency and signature of the officer (or other authorized representative) signing the certificate referred to in this clause (b)).

(c) DIP Refinancing Order. The Administrative Agent and each of the Lenders shall have received a certified copy of the DIP Refinancing Order in respect of the Borrower, which shall authorize extensions of credit in amounts up to $7,000,000,000 and such DIP Refinancing Order shall be in full force and effect, and shall not have been vacated, stayed, reversed, rescinded, modified or amended in any respect without the prior written consent of the Administrative Agent and the Required Lenders. If such DIP Refinancing Order is the subject of a pending appeal in any respect, none of the making of any Extensions of Credit, the grant of Liens and Superpriority Claims pursuant to Sections 2.28 or 2.29 and the Security and Pledge Agreement (including, without limitation, Liens on the assets securing the CalGen Prepetition Secured Obligations) or the performance by the Borrower or any Guarantor subject to such DIP Refinancing Order of any of their respective obligations under any of the Loan Documents or under any instrument or agreement referred to herein shall be the subject of a presently effective stay pending appeal.

(d) Payment of Fees; Expenses. The Borrower shall have paid or will pay contemporaneously with the making on the Closing Date of the Extensions of Credit by the Lenders to the Administrative Agent, each other Agent and each Lender, as applicable, the then unpaid balance of all accrued and unpaid Fees owed under and pursuant to this Agreement, or the DIP Refinancing Order and all amounts payable under Section 2.28(a) and all reasonable out-of-pocket expenses for which invoices have been presented to the Borrower and the official committee of unsecured creditors as required by the DIP Refinancing Order (including reasonable fees, disbursements and other charges of counsel and other advisors to the Administrative Agent, the other Agents and the Lenders on the Closing Date) on or before the Closing Date. All such amounts will be paid with proceeds of Loans made on the Closing Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(e) Legal Opinion. The Administrative Agent shall have received the legal opinion of Kirkland & Ellis LLP, counsel to the Loan Parties, addressed to the Administrative Agent and the Lenders and otherwise substantially in the form of Exhibit E hereto.

(f) Pledged Stock; Stock Powers; Pledged Notes. The Collateral Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Security and Pledge Agreement together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Collateral Agent pursuant to the Security and Pledge Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof, except in either case to the extent such certificates or promissory notes are in the possession of a collateral agent for the benefit of a pre-Petition Date obligation.

(g) Projections. The Lenders shall have received the Projections, which shall be in form and substance reasonably satisfactory to the Joint Lead Arrangers.

(i) Ratings. The Facilities shall have been rated by Moody's and S&P.

(j) [Termination of Existing L/C Cash Collateral Account. The Existing L/C Cash Collateral Account shall have been terminated and the Collateral Agent shall have received all Collateral and the proceeds and product in the Existing L/C Cash Collateral Account and deposited such Collateral and the proceeds and product thereof in the L/C Cash Collateral Account.]

4.2. Conditions to Each Extension of Credit. The obligation of the Lenders and the Fronting Bank to make each Extension of Credit, including the initial Extension of Credit, is subject to the following conditions precedent:

(a) Notice. The Administrative Agent shall have received the applicable notice of borrowing, in substantially the form attached hereto as Exhibit C, from the Borrower or, in the case of a Letter of Credit, the Fronting Bank shall have received an L/C Application.

(b) Representations and Warranties. All representations and warranties contained in or pursuant to this Agreement and the other Loan Documents, or otherwise made in writing in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of each Extension of Credit hereunder with the same effect as if made on and as of such date (unless stated to relate to a specific earlier date, in which case, such representations and warranties shall be true and correct in all material respects as of such earlier date) (it being understood that any representation or warranty that is qualified as to materiality or Material Adverse Effect shall be correct in all respects).

(c) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such Borrowing Date or after giving effect to such Extension of Credit on such Borrowing Date.

(d) Payment of Fees. The Borrower shall have paid or will simultaneously pay to the Administrative Agent and the Lenders the then unpaid balance of all accrued and unpaid Fees, expenses and other amounts then due and payable under and pursuant to this Agreement (including without limitation, amounts payable under Section 2.25(c)), or the DIP Refinancing Order for which invoices have been presented to the Borrower and the official committee of unsecured creditors as required by the DIP Refinancing Order.

The request by the Borrower for, and the acceptance by the Borrower of, each Extension of Credit and issuance of a Letter of Credit hereunder shall be deemed to be a representation and warranty by the Borrower that the conditions specified in this Section 4.2 have been satisfied or waived at that time.

SECTION 5

AFFIRMATIVE COVENANTS

Each of the Loan Parties hereby agrees that, so long as the Commitments remain in effect, any Extension of Credit remains outstanding and unpaid or any other Obligation is owing to any Lender or any Agent hereunder or under any other Loan Document (other than Letters of Credit, together with all fees that have accrued and will accrue thereon through the stated termination date of such Letters of Credit, which have been supported in the manner described in Section 2.8(b), contingent indemnification obligations for which no claim has been asserted, obligations with respect to interest rate

hedging agreements or Eligible Permitted Commodity Hedge Agreements or Cash Management Obligations), such Loan Party shall and the Borrower shall cause each of its Material Subsidiaries to:

5.1. Financial Statements, Etc. In the case of the Borrower, deliver to the Administrative Agent:

(a) as soon as available and in any event within ninety (90) days (or, if agreed to by the Administrative Agent acting in its reasonable discretion, 105 days) after the end of each fiscal year commencing with the fiscal year ended December 31, 2006, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of operations, stockholders' equity and of cash flows for such year, setting forth in comparative form the corresponding consolidated figures for the preceding fiscal year, reported on without qualification arising out of the scope of the audit, by PricewaterhouseCoopers or another independent certified public accountants of nationally recognized standing; and

(b) as soon as available and in any event within forty-five (45) days (or if agreed to by the Administrative Agent acting in its reasonable discretion, sixty (60) days) after the end of each of the first three quarterly fiscal periods of each fiscal year, a copy of the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income in such quarter and of cash flows for the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year, accompanied by a certificate of a Responsible Officer, which certificate shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial condition and results of operations of the Borrower and its consolidated Subsidiaries, in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments and the absence of footnotes); and

(c) not later than thirty (30) days (or if agreed to by the Administrative Agent acting in its reasonable discretion, forty-five (45) days) after the end of each month, the unaudited consolidated balance sheet and the unaudited consolidated statement of income of the Borrower and its consolidated Subsidiaries for such fiscal month, together with a comparison to the relevant income projections contained in the Projections for the period through the end of such month, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal quarter-end and year-end audit adjustments and the absence of footnotes);

(d) as soon as available, but in any event on or prior to the last Business Day of each week (excluding the weeks in which the Thanksgiving or Christmas holiday occurs), an updated Budget for the succeeding 13-week period of the projected consolidated cash flows of the Borrower and its Subsidiaries (other than Foreign Subsidiaries), taken as a whole;

(e) no later than Wednesday of each week, a comparison of (i) actual net cash flows of the Borrower and its Subsidiaries (other than Foreign Subsidiaries) for the week most recently ended against (ii) projected net cash flows of the Borrower and its Subsidiaries (other than Foreign Subsidiaries) for such week most recently delivered pursuant to paragraph (d) above, in form and substance satisfactory to the Administrative Agent (including a detailed explanation of any material variances) certified (in the case of such actual net cash flows) by a Responsible Officer as being fairly stated in all material respects;

(f) on and after the DIP Refinancing Order Date, no later than 30 days after the end of each month, updated Projections reflecting any modifications made by management thereto since the delivery of any prior update thereof; and

(g) as soon as available, monthly statements for all bank accounts maintained by the Borrower with Union Bank of California and for all Investment accounts maintained by the Borrower with [Scudder Investments].

All such financial statements delivered pursuant to Sections 5.1(a), (b) and (c) shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods. The Borrower may provide the financial statements and other materials required to be furnished pursuant to this Section 5.1 by posting such financial statements and materials on a secure Intralinks site to which the Administrative Agent has access. If delivered to the Administrative Agent, the Administrative Agent will provide the financial statements and other materials required to be furnished pursuant to this Section 5.1 to the Lenders by posting such financial statements and materials on a secure Intralinks site.

5.2. Certificates; Other Information. In the case of the Borrower, deliver to the Administrative Agent and, in the case of clause (g) below, the applicable Lender:

(a) Concurrently with the delivery of the financial statements referred to in Section 5.1(a) for the 2006 fiscal year of the Borrower and thereafter, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary thereof no knowledge was obtained of any Default or Event of Default pursuant to Sections 6.13, 6.15 or 6.16, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Sections 5.1(a), (b) and (c), a certificate of a Responsible Officer of the Borrower (i) stating that such Responsible Officer has obtained no knowledge of any Default or Event of Default that has occurred and is continuing, except, in each case, as specified in such certificate and (ii) setting forth the calculations required to determine compliance with the covenants set forth in Section 6;

(c) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, that any Loan Party shall have filed with the SEC (or any Governmental Authority which succeeds to the powers and functions thereof) or any national securities exchange;

(d) promptly following the delivery thereof to any Loan Party or to the Board of Directors or management of any Loan Party, a copy of any final management letter or report by independent public accountants with respect to the financial condition, operations or business of the Borrower and its Subsidiaries;

(e) to the Administrative Agent and counsel to the Administrative Agent, to the extent practicable at least one day prior to, and in any event no later than the day after, such filing or distribution, copies of all pleadings, motions, applications, judicial information, financial information and other documents to be filed by or on behalf of the Borrower or any of the Guarantors with the Bankruptcy Court or the United States Trustee in the Cases, or to be distributed by or on behalf of the Borrower or any of the Guarantors to any official committee appointed in the Cases (other than emergency pleadings, motions or other filings where, despite such Debtor's commercially reasonable efforts, such one-day notice is impracticable); provided that copies of pleadings, motions, applications, judicial information, financial information or other documents to be so filed by or on behalf of the Borrower or any of the Guarantors to the extent directly relating to this Agreement or any other Loan Documents, including, without limitation, any amendment, modification or supplement to this Agreement (or a waiver of the provisions thereof) or any other matter adversely affecting the liens, claims or rights of the Lenders under this Agreement or any other Loan Document in any material respect shall be delivered to the Administrative Agent and counsel to the Administrative Agent at least one day prior to such filing; and

(f) promptly upon request, such other material information (financial or otherwise, including without limitation, any Plan or Multiemployer Plan and any material reports or other material information required to be filed with any Governmental Authority by the Borrower or any Commonly Controlled Entity under ERISA) as may be reasonably requested by the Administrative Agent (on behalf of itself or any Lender).

The Borrower may provide the certificates and other information required to be furnished pursuant to this Section 5.2 by posting such certificates and information on a secure Intralinks site to which the Administrative Agent has access. If delivered to the Administrative Agent, the Administrative Agent will provide the certificates and other information required to be furnished by the Borrower pursuant to this Section 5.2 (other than any information obtained by a Lender pursuant to paragraph (f)) to the Lenders by posting such certificates and other information on a secure Intralinks site.

5.3. Payment of Obligations. In the case of any Loan Party, except in accordance with the Bankruptcy Code or by an applicable order of the Bankruptcy Court pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, (i) all its post-Petition Date taxes and other material obligations of whatever nature that constitute administrative expenses under Section 503(b) of the Bankruptcy Code in the Cases, except, so long as no material property (other than money for such obligation and the interest or penalty accruing thereon) of any Loan Party is in danger of being lost or forfeited as a result thereof, no such obligation need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Loan Parties and (ii) all obligations arising prepetition permitted to be paid postpetition but prior to confirmation of a Reorganization Plan by order of the Bankruptcy Court that has been entered with the consent of (or non-objection by) the Administrative Agent.

5.4. Maintenance of Existence; Compliance with Contractual Obligations and Requirements of Law. (a) Preserve, renew and keep in full force and effect its legal existence, (b) take all reasonable action to maintain all rights, privileges and franchises reasonably necessary or desirable in the normal conduct of its business, except (i) as otherwise permitted pursuant to Section 6.4 and Section 6.5 or (ii) to the extent failure to do so could not reasonably be expected, in the aggregate, to have a Material Adverse Effect, and (c) subject to the effect of the Cases and the Bankruptcy Code, comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not reasonably be expected, in the aggregate, to have a Material Adverse Effect.

5.5. Maintenance of Property; Insurance. Keep and maintain all of its property necessary to the conduct of its business in good working order and condition subject to ordinary wear and tear and obsolescence and from time to time make all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner useful or customary for companies in similar businesses, except where failure to do so could not reasonably be expected to have a Material Adverse Effect; maintain with financially sound and reputable insurance companies insurance policies (or, where appropriate, self-insurance) on all of its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are customarily insured against by companies of similar size engaged in the same or a similar business in the same geographic locale, which policies, in the case of any Loan Party, shall name the Collateral Agent as the loss payee or additional insured, as applicable, for the proceeds of any such first party policy, such as all risk property and business interruption coverage (other than workers' compensation, director and officer, automobile liability, health, medical and life insurance policies) except where failure to so maintain such insurance could not reasonably be expected to have a Material Adverse Effect; and furnish to the Collateral Agent, upon written request, full information as to the insurance carried.

5.6. Inspection of Property; Books and Records; Discussions. Keep proper books of records and accounts in which full, true and correct in all material respects entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and, upon reasonable prior notice to the Borrower through the Administrative Agent, permit representatives of either Agent or any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time or times during normal business hours and to discuss the business, operations, properties and financial and other condition of the Global Entities with officers and employees of the Global Entities and with their independent certified public accountants and with their financial advisors.

5.7. Notices. Promptly, and in any event within five (5) Business Days after a Responsible Officer becomes aware thereof (except as otherwise provided in (e) below), give notice to the Administrative Agent, with a copy for each Lender, of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any post-Petition Date Contractual Obligation of any Loan Party that could reasonably be expected to have a Material Adverse Effect; or (ii) litigation, investigation or proceeding which may exist at any time between a Credit Party and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any post-Petition Date litigation (or in the case of any Material Subsidiary that is not a Debtor, any litigation) or proceeding affecting (i) any Credit Party an adverse determination in which could reasonably be expected to have a Material Adverse Effect, (ii) any Material Subsidiary an adverse determination in which could reasonably be expected to have a Material Adverse Effect or (iii) the ability of the Debtors to repay the CalGen Prepetition Secured Obligations, including with respect to any "makewhole", repayment, prepayment or call premiums or any contractual defaults or damages allegedly arising therefrom;

(d) any adverse change, development or event, which could reasonably be expected to have a Material Adverse Effect;

(e) the following events, as soon as practicable and in any event within thirty (30) days after any Credit Party knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, ERISA Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, ERISA Reorganization or Insolvency of, any Plan in the case of each of the foregoing clauses (i) or (ii) where such event has had or could reasonably be expected to have a Material Adverse Effect; and

(f) any written notices or other material indicating the presence or suspected presence of Materials of Environmental Concern on, at, or under any property of any Credit Party, or any part thereof, in violation of, or in a manner or condition that has resulted or is reasonably likely to result, in the reasonable judgment of a Responsible Officer of the Borrower, in the payment of a Material Environmental Amount.

Each notice pursuant to this subsection shall be accompanied or provided as soon as practicable thereafter by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower has taken or proposes to take with respect thereto.

5.8. Environmental Laws.

(a) Comply with, and take reasonable efforts to ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except where the failure to comply with the foregoing could not give rise to a Material Adverse Effect.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws except where the failure to comply with the foregoing could not give rise to a Material Adverse Effect and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities under applicable Environmental Laws; provided, however, the Borrower may use all lawful means to protest or challenge the imposition by any Governmental Authority of any requirements under any such lawful orders, directives or that otherwise arise under applicable Environmental Laws.

5.9. Obligations and Taxes. Pay all of their material obligations (or in the case of any Loan Party, any such obligations arising after the Petition Date) promptly and in accordance with their terms and pay and discharge promptly all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property (in the case of any Loan Party, such taxes, assessments and governmental charges and fines arising after the Petition Date) before the same shall become in default as well as all material lawful claims for labor, materials and supplies or otherwise (or in the case of any Loan Party, such claims arising after the Petition Date) which, if unpaid, would become a Lien or charge upon such properties or any part thereof; provided, however, that the Credit Parties shall not be required to pay and discharge or to cause to be paid and discharged any such obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings (if the Credit Parties shall have set aside on their books adequate reserves therefor in accordance with GAAP).

5.10. Employee Benefits. Comply (and with respect to Plans covered by Title IV of ERISA, cause their respective Commonly Controlled Entities to comply) in all material respects with the applicable provisions of ERISA and the Code and other applicable laws, rules and regulations with respect to any Plan, the failure of which could reasonably be expected to result in a Material Adverse Effect.

5.11. Further Assurances.

(a) In the case of any Loan Party, at the cost and expense of the Borrower, execute and file all such further documents and instruments, and perform such other acts, as the Administrative Agent or the Required Lenders may reasonably determine are necessary or advisable with respect to the Liens granted to the Collateral Agent in connection with this Agreement, the Security and Pledge Agreement and the DIP Refinancing Order (and with respect to the priority of such Liens purported to be granted pursuant to this Agreement and the DIP Refinancing Order). Without limiting the generality of the foregoing, the Loan Parties shall assist the Administrative Agent, the Collateral Agent, and the Lenders in the preparation and filing of any Uniform Commercial Code financing statements or mortgages reasonably requested by the Collateral Agent, the Administrative Agent or the Required Lenders.

(b) With respect to any Global Entity that is not a Foreign Subsidiary which becomes a debtor and debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code (other than the Subsidiaries of the Borrower listed on Schedule 5.11(b)), within 30 days after becoming a debtor, cause such Global Entity (i) to become a party to this Agreement, as a Guarantor, by executing a joinder to this Agreement in substantially the form attached hereto as Exhibit H (a "Joinder"); (ii) to execute and deliver to the Collateral Agent an assumption agreement to the Security and Pledge Agreement and such amendments to the Security and Pledge Agreement as the Collateral Agent deems necessary or advisable to grant to the Collateral Agent, for the benefit of the Lenders, a Lien on all of its assets of the type which would constitute Collateral; (iii) (A) as to any Global Entity which is a Material Subsidiary, (I) within 5 days after such Global Entity becomes a Debtor, the Administrative Agent shall have received satisfactory evidence of entry of an interim order, reasonably satisfactory to the Administrative Agent, granting the Superpriority Claim status and Liens described in Section 2.28 (such order, a "Subsequent Interim Order") in respect of such Global Entity and (II) within 40 days after such Global Entity becomes a Debtor, the Administrative Agent shall have received satisfactory evidence of entry a final non-appealable Bankruptcy Court order, reasonably satisfactory to the Administrative Agent, granting the Superpriority Claim status and Liens described in Section 2.28 which shall be in full force and effect, and shall not have been vacated, stayed, reversed, modified or amended in any respect without the prior written consent of the Administrative Agent (such order, a "Subsequent Final Order") in respect of such Global Entity; or (B) as to any Global Entity which is a not Material Subsidiary, (I) within 30 days after such Global Entity becomes a Debtor, the Administrative Agent shall have received satisfactory evidence of entry of a Subsequent Final Order in respect of such Global Entity and (II) within 55 days after such Global Entity becomes a Debtor, the Administrative Agent shall have received satisfactory evidence of entry a Subsequent Final Order in respect of such Global Entity; (iv) to take such actions necessary or advisable to grant to the Collateral Agent for the benefit of the Lenders a Lien on the Collateral described in the Security and Pledge Agreement with respect to such Global Entity, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Security and Pledge Agreement or by law or as may be requested by the Administrative Agent or the Collateral Agent; (v) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit B, with appropriate insertions and attachments; provided, however, such Global Entity shall not be required pursuant to this Section 5.11(b) to pledge to the Collateral Agent in excess of 65% of the voting Capital Stock of its direct Foreign Subsidiaries or any of the Capital Stock or interests of its indirect Foreign Subsidiaries (if adverse tax consequences would result to such Global Entity); and (vi) if requested by the Administrative Agent or the Collateral Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

5.12. Ratings. Use commercially reasonable efforts to obtain a rating for the Facilities by each of S&P and Moody's on or before the DIP Refinancing Order Date or as soon as practicable thereafter.

5.13. Post Closing Matters. Within 60 days of the Closing Date, deliver to the Administrative Agent evidence of the actions specified on Schedule 5.13; provided that such date may be extended, or the obligation to deliver such evidence waived, by the Administrative Agent acting in its reasonable discretion and in each case upon terms and conditions reasonably satisfactory to the Administrative Agent.

SECTION 6

NEGATIVE COVENANTS

Each of the Loan Parties hereby agrees that, so long as the Commitments remain in effect, any Note or any Letter of Credit Outstandings remain outstanding and unpaid or any other amount is owing to any Lender or any Agent hereunder or under any other Loan Document (other than Letters of Credit together with all fees that have accrued and will accrue thereon through the stated termination date of such Letters of Credit, which have been supported in the manner described in Section 2.8(b), contingent indemnification obligations for which no claim has been asserted, obligations with respect to interest rate hedging agreements or Eligible Permitted Commodity Hedge Agreements or Cash Management Obligations), such Loan Party shall not, and shall not permit any Material Subsidiary to, directly or indirectly:

6.1. Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under this Agreement and the other Loan Documents;

(b) Indebtedness otherwise owed to (x) CS, any other financial institution that is a Lender under this Agreement or any of their respective banking affiliates in respect of overdrafts and related liabilities arising from treasury, depository or cash management services or in connection with any automated clearing house transfers of funds and (y) CS, any other financial institution that is a Lender under this Agreement or any of their respective Affiliates in respect of interest rate hedging transactions;

(c) Indebtedness outstanding on the Petition Date and listed on Schedule 6.1(c), but excluding the refinancing of any such Indebtedness of any Loan Party and including any refinancing of any such Indebtedness of any Credit Party which is not a Debtor without increasing, or shortening the maturity of, the principal amount thereof;

(d) Indebtedness of the Borrower to any Subsidiary and of any Guarantor to the Borrower or any other Guarantor;

(e) endorsements of instruments in the ordinary course of business and consistent with past practices of the Credit Parties;

(f) Indebtedness of any of the Credit Parties arising in the ordinary course of business (and consistent with past practice of the relevant Credit Parties) of such Credit Party and owing to a financial institution providing netting services to the Global Entities, provided that (i) such Indebtedness was incurred in respect of the provision of such netting services with respect to intercompany Indebtedness permitted to be incurred and outstanding pursuant to this Agreement and (ii) such Indebtedness does not remain outstanding for more than three (3) days from the date of its incurrence or longer if permitted under relevant netting contracts and consistent with past practices;

(g) Indebtedness of any of the Credit Parties consisting of the financing of insurance premiums in the ordinary course of business (and consistent with past practice of the Credit Parties);

(h) Indebtedness of any of the Credit Parties consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business (and consistent with past practices of the Credit Parties);

(i) Indebtedness of the Loan Parties incurred in connection with the rejection of leases and executory contracts in the Cases; provided that the obligation of any Loan Party in respect of such Indebtedness shall be determined, by a final non-appealable order of the Bankruptcy Court entered at the time of such rejection, to be a general, unsecured, non-priority claim;

(j) Indebtedness represented by appeal, bid, performance, surety or similar bonds, workers' compensation claims, self-insurance obligations and bankers acceptances issued for the account of any Credit Party, in each case to the extent incurred in the ordinary course of business in accordance with customary industry practices in amounts customary in the Borrower's industry;

(k) Indebtedness of any wholly-owned Non-Loan Party to any Loan Party, when added to Guarantee Obligations permitted under Section 6.3(e) and Investments permitted under Section 6.7(h), in an aggregate principal amount (for all of such Subsidiaries) not to exceed $100,000,000 at any one time outstanding;

(l) post-Petition Date purchase money Indebtedness (including Capital Leases) and Indebtedness of (i) the Credit Parties to third parties, (ii) Material Subsidiaries which are not Loan Parties to Material Subsidiaries which are not Loan Parties or (iii) Material Subsidiaries which are not Loan Parties to other Subsidiaries or partially owned Affiliates of the Borrower which are not Material Subsidiaries, when added to Indebtedness permitted under Section 6.1(m), Guarantee Obligations permitted under Section 6.3(f) and Investments permitted under Sections 6.7(i) and (j), in an aggregate principal amount (for all of the Credit Parties) not to exceed $35,000,000 at any one time outstanding;

(m) Indebtedness of any non-wholly owned Non-Loan Party to any Loan Party, when added to Indebtedness permitted under Section 6.1(l), Guarantee Obligations permitted under Section 6.3(f) and Investments permitted under Sections 6.7(i) and (j), in an aggregate principal amount (for all of such Subsidiaries), not to exceed $35,000,000 at any one time outstanding;

(n) Swap Agreements incurred in the ordinary course of business and consistent with applicable risk management guidelines established by the Borrower from time to time and delivered to the Administrative Agent and in connection with Swap Agreements entered into with VMAC Energy I, LLC, associated reimbursement obligations, including with respect to letters of credit, to providers of credit support for such Swap Agreements in amounts not exceeding the notional amount of the Indebtedness outstanding under such Swap Agreements;

(o) Indebtedness in respect of any Eligible Permitted Commodity Hedge Agreements and interest rate hedging agreements, in each case with any Joint Lead Arranger, the Administrative Agent, any Lender or any Affiliate thereof or any Qualified Entity entered into after the Closing Date in the ordinary course of business for non-speculative purposes, subject to the requirements set forth on Schedule 6.1(o);

(p) intercompany Indebtedness of any Subsidiary of the Borrower to the Borrower or any other Subsidiary of the Borrower not to exceed the amount of the Loans borrowed by the Borrower for the purpose of (i) repaying and redeeming the CalGen Prepetition Secured Obligations, (ii) refinancing in full secured debt and secured lease obligations of any Subsidiary of the Borrower and preferred securities existing on the Closing Date listed on Schedule 3.10, (iii) satisfying the CalGen Makewhole Payment, if any, or (iv) funding distributions to holders of claims payable pursuant to a Reorganization Plan confirmed by the Bankruptcy Court pursuant to the Confirmation Order in any of the Cases so long as (x) the proceeds of such Loans are used for such purposes and (y) in the case of clause (ii) above, the assets of such Subsidiary (to the extent such Liens are not prohibited by contractual restrictions existing as of the Closing Date and then in effect), and the equity interests in such Subsidiary and each intermediate holding company between such Subsidiary and the Borrower (to the extent Liens on the equity interests of such intermediate holding company are not prohibited by contractual restrictions existing as of the Closing Date and then in effect) shall be, upon such repayment, included as Collateral (in each case, except to the extent set forth on Schedule 2.33 annexed hereto); it being understood that to

the extent that any such Liens on such assets are prohibited by contractual restrictions existing as of the Closing Date and then in effect, the Borrower shall not permit any consensual Liens on such assets; and

(q) intercompany Indebtedness of any Subsidiary of the Borrower to the Borrower or any other Subsidiary of the Borrower for the Investments permitted under Section 6.7(o) and (p) in amounts not to exceed the amount of such Investments.

6.2. Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except for:

(a) Liens existing on the Petition Date and listed on Schedule 3.6;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlords' or other similar Liens arising in the ordinary course of business which in the aggregate do not materially detract from the value of the property or assets or materially impair the use thereof in the operation of the business of the Borrower and its Subsidiaries are not overdue for a period of more than sixty (60) days or which are being contested in good faith by appropriate proceedings and for which adequate reserves with respect thereto are maintained on the books of the Borrower or the affected Credit Parties, as the case may be, in accordance with GAAP;

(c) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if, unless the amount thereof is not material with respect to its financial condition, adequate reserves with respect thereto are maintained on the books of the Borrower or the affected Credit Parties, as the case may be, in accordance with GAAP;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds, and other obligations of a like nature incurred in the ordinary course of business; provided that, for the avoidance of doubt, Liens on cash deposits provided as collateral for trading contracts pursuant to the terms of the Trading Order shall be first priority Liens in accordance with, and subject to the terms of, the Trading Order;

(e) easements, rights-of-way, restrictions, zoning ordinances and other similar encumbrances incurred in the ordinary course of business which, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Credit Parties;

(f) Liens granted to the Collateral Agent, the Administrative Agent, and the Lenders pursuant to the Loan Documents;

(g) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money);

(h) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases permitted by this Agreement;

(i) any interest or title of a licensor, lessor or sublessor under any lease permitted by this Agreement;

(j) Liens arising from judgments, decrees or attachments to the extent not constituting an Event of Default under Section 7(l);

(k) licenses, leases or subleases granted to third parties not interfering in any material respect with the business of any Credit Party;

(l) Liens of sellers of goods, gas or oil to any Credit Party arising under Article 2 of the Uniform Commercial Code or under other state statutes in the ordinary course of business, covering only the goods sold and covering only the unpaid purchase price for such goods and related expenses;

(m) other Liens securing Indebtedness or other obligations in an aggregate amount secured by all such Liens not to exceed $50,000,000 at any one time outstanding;

(n) first priority Liens on the Capital Stock of Otay Mesa to secure the obligations of Otay Mesa and its Subsidiaries under any Project Financing (as defined in the Otay Mesa Motion) entered into by Otay Mesa or any such Subsidiaries, as contemplated by the Otay Mesa Motion; it being understood that the Liens of the Administrative Agent, for the benefit of the Lenders, shall be released without any further action upon consummation of any such Project Financing in accordance with Section 21 of the Security and Pledge Agreement;

(o) Liens granted to the CalGen Parties pursuant to the CalGen Adequate Protection Stipulation;

(p) first priority Liens on the Collateral to secure obligations with respect to the agreements referred to in Section 6.1(o), subject to the requirements set forth on Schedule 6.2(p); and

(q) Liens securing the CalGen Makewhole Payment, if any.

6.3. Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except for:

(a) Guarantee Obligations existing on the Petition Date and listed on Schedule 6.3(a);

(b) Guarantee Obligations incurred in the ordinary course of business and consistent with past practices of the Borrower in respect of the obligations of any Guarantor, or of any other Guarantor of the obligations of the Borrower or any Guarantor;

(c) Guarantees by the Borrower of Indebtedness and other obligations of Guarantors that are permitted to be incurred under this Agreement;

(d) Guarantee Obligations of the Guarantors under this Agreement and the DIP Refinancing Order;

(e) Guarantee Obligations of any Loan Party of obligations of any wholly owned Non-Loan Party, when added to Indebtedness permitted under Section 6.1(k) and Investments permitted under Section 6.7(h), in an aggregate principal amount (for all of such Loan Parties) not to exceed $100,000,000 at any one time outstanding;

(f) Guarantee Obligations of any Loan Party of obligations of any non-wholly owned Non-Loan Party or of any non-wholly owned entity which is not a Subsidiary, when added to Indebtedness permitted under Section 6.1(l) and (m) and Investments permitted under Sections 6.7(i) and (j), in an aggregate principal amount (for all of such Loan Parties) not to exceed $35,000,000 at any one time outstanding; and

(g) Guarantee Obligations as a result of the issuance of the replacement Letters of Credit issued in respect of the BLB Facility permitted under Section 6.7(m);

(h) Guarantee Obligations of the Borrower of obligations of Greenfield Project Partnership under the contract described in Section 6.5(k); and

(i) Guarantee Obligations set forth on Schedule 6.3(i) to the extent, for the purpose and up to the amount set forth on such Schedule.

6.4. Prohibition on Fundamental Changes. Enter into any acquisition, merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets or make any material change in its present method of conducting business (it being acknowledged that (x) changes to the operating and internal management structure of the Borrower, such as the merger of certain business divisions or the consolidation of certain management functions within the Loan Parties and (y) rejection of contracts by any Loan Party pursuant to the Bankruptcy Code shall not constitute a material change in the method of conducting business) or create or acquire any new Subsidiaries, except that the following shall be permitted:

(a) any Credit Party other than the Borrower may be merged or consolidated with any other Guarantor so long as the surviving entity of such merger is a Guarantor or a new Subsidiary which, substantially concurrently with such merger or consolidation, becomes a Debtor and Guarantor in accordance with Section 5.11(b);

(b) any Credit Party may be merged or consolidated with the Borrower if the surviving entity of such merger is the Borrower;

(c) any of the Borrower's non-U.S. subsidiaries (each a "Foreign Subsidiary") may be merged or consolidated with another Foreign Subsidiary;

(d) any Credit Party (other than the Borrower) may dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any Guarantor or to any new Subsidiary which, substantially concurrently with such transfer, becomes a Debtor and Guarantor in accordance with Section 5.11(b);

(e) any Material Subsidiary may be merged or consolidated with any Material Subsidiary;

(f) the liquidation of the Philadelphia Biogas Supply, Inc., [Calpine Capital Trust I, Calpine Capital Trust II and Calpine Capital Trust III] to the extent such Subsidiaries do not own any assets or property or the assets or property of such Subsidiaries are distributed to a Loan Party;

(g) any Disposition permitted under Section 6.5 or any transaction (including creation of any new Subsidiary) reasonably necessary to consummate any Disposition permitted under

Section 6.5 or to optimize the tax benefits or minimize the adverse tax consequences of any such Disposition;

(h) creation by Goldendale of Goldendale Newco; and

(i) with the prior written consent of the Administrative Agent, mergers, consolidations or liquidations not otherwise permitted above of Credit Parties or any of their Subsidiaries which are inactive or have de minimis assets.

6.5. Limitation on Sale of Assets. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of a Subsidiary of the Borrower, issue or sell any shares of such Subsidiary's Capital Stock to any Person except:

(a) (i) the sale, lease or other disposition of (A) inventory in the ordinary course of business, (B) uneconomical, obsolete, surplus or worn out property, (C) property that is no longer used or useful in the business, or (D) boilers, water lines and related property of Clear Lake Cogeneration, L.P., (ii) the rejection of contracts or leases determined by the Borrower in good faith to be unprofitable (other than (x) facility leases in respect of Material Subsidiaries and (y) leases described in clause (iii) below) or (iii) so long as no Event of Default shall have occurred and be continuing and the Loans have not become due and payable as a result thereof, the rejection of facility leases in respect of, or the surrender of (including the consensual foreclosure of), Designated Projects (as defined in the Cash Collateral Order) determined by the Borrower in good faith to be unprofitable;

(b) the consumption or use of fuel supplies, or other consumables, the conversion of fossil, geothermal or other assets to power or the distribution, sale or trading of power (including without limitation, steam or electrical power) and natural gas or other fuels or the sale or trading of emissions credits, in each case in the ordinary course of business and consistent with the past practices of the Credit Parties;

(c) exchange or trade-in, or sale and application of proceeds to or for replacement assets to be used in the business;

(d) liquidation, sale or disposition of Cash Equivalents or inventory in the ordinary course of business;

(e) the discount or write-off of accounts receivable overdue by more than ninety (90) days or the sale of any such accounts receivable for the purpose of collection, in each case in the ordinary course of business;

(f) termination of leases, surrender or sublease of real or personal property in the ordinary course of business;

(g) incurrence of Liens permitted under Section 6.2;

(h) transactions permitted under clauses (a) through (f) in Section 6.4;

(i) the Disposition of the turbines listed on Schedule 6.5(i) in arm's length transaction at fair market value or as approved by the Bankruptcy Court, and the Disposition to any Global Entity of turbine parts and components for use as spare or replacement parts;

(j) the Disposition of property of any Credit Party in arm's length transactions at fair market value, provided that the Net Cash Proceeds thereof shall be applied to prepay the Loans to the extent required by Section 2.17(a);

(k) the Disposition by the Borrower, directly or indirectly, to Greenfield Project Partnership of a purchase contract with Siemens Power Generation, Inc. relating to warranties on turbines transferred to Greenfield Project Partnership prior to the Closing Date;

(l) the Disposition by the Borrower and Calpine Power Corporation of (i) the Facility Assets, the Contributed Assets, the Interconnection Agreements, the CCMCI Assigned Contracts and the Calpine Assigned Contracts (each as defined in the Otay Mesa Motion) to Otay Mesa pursuant to the CTA (as defined in the Otay Mesa Motion) and (ii) the Lease and Sublease (each as defined in the Otay Mesa Motion) to San Diego Gas & Electric Company pursuant to the Reinstatement Agreement (as defined in the Otay Mesa Motion);

(m) (i) the Disposition by Goldendale of all of its assets and liabilities to Goldendale Newco substantially contemporaneously with the consummation of the Disposition of all of the equity of Goldendale Newco owned by Goldendale and (ii) the Disposition of all of the equity of Goldendale Newco owned by Goldendale;

(n) the Disposition of all of the equity interests in Towantic Energy, LLC and CPN Oxford, Inc., and upon the consummation of such Disposition the release of the guaranty and other obligations hereunder, and a release of the Liens under the Loan Documents on the equity interests and assets, of Towantic Energy LLC and CPN Oxford, Inc.;

(o) the Disposition of all of the equity interests in Skipanon Energy LLC, and upon the consummation of such Disposition the release of the guaranty and other obligations hereunder, and a release of the Liens under the Loan Documents on the equity interests and assets, of Skipanon Energy LLC;

(p) the trading and sharing of parts and components for equipment, tools and non-material equipment, among (i) the Loan Parties, (ii) Material Subsidiaries which are not Loan Parties and (iii) Subsidiaries which are not Credit Parties and Subsidiaries which are not Loan Parties, consistent with past practices of the Credit Parties, including for purposes of spare or replacement parts; and

(q) the Disposition of all or substantially all of the assets of RockGen in an arm's-length transaction.

6.6. Limitation on Issuances of Capital Stock and Dividends. Declare or pay, directly or indirectly, any dividends or make any other distribution or payment, whether in cash, property, securities or a combination thereof, with respect to (whether by reduction of capital or otherwise) any shares of Capital Stock, or set apart any sum for the aforesaid purposes, provided that (x) any Material Subsidiary of the Borrower may pay dividends to any Guarantor that is its direct parent or which is paid to a Guarantor through a non-Guarantor that is its direct parent, and any Foreign Subsidiary may pay dividends to any other Foreign Subsidiary, (y) any Material Subsidiary that is not a Debtor may pay dividends to any other Material Subsidiary that is not a Debtor and (z) any Material Subsidiary (including without limitation, Calpine CCFC Holdings, Inc.) (A) that is not a Debtor may pay dividends pursuant to the Preferred Equity Documents as in effect on the date hereof at any time so long as no Default or Event of Default shall have occurred and is continuing or (B) that is a Debtor may pay dividends not constituting a Default or an Event of Default under Section 7(i)(v).

6.7. Limitation on Investments, Loans and Advances. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment (each, an "Investment") in, any Person, except:

(a) Investments in Cash Equivalents;

(b) Indebtedness permitted pursuant to Section 6.1(c) and (m);

(c) intercompany Investments (i) by any Loan Party in the Borrower or another Loan Party that, prior and after giving effect to such investment, is a Guarantor or (ii) listed on Schedule 6.7(c) which may be expended at any time during the term of this Agreement;

(d) Investments (including debt obligations) received in connection with bankruptcy or reorganization of suppliers and customers in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(e) deposits made in the ordinary course of business to secure the performance of bids, trade, contracts, (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and Investments of such deposits;

(f) intercompany Investments among the Loan Parties or among Credit Parties which are not Loan Parties in the ordinary course;

(g) loans and advances by the Credit Parties to employees of the Credit Parties for moving and travel expenses and other similar expenses, in each case incurred in the ordinary course of business (and consistent with past practices of the relevant Credit Parties);

(h) Investments by any Loan Party in any wholly owned Non-Loan Party, when added to Indebtedness permitted under Section 6.1(k) and Guarantee Obligations permitted under Section 6.3(e), in an aggregate principal amount (for all of such Subsidiaries) not to exceed $100,000,000 at any one time outstanding;

(i) Investments by (i) Credit Parties in third parties, (ii) Material Subsidiaries which are not Loan Parties in Material Subsidiaries which are not Loan Parties, (iii) Material Subsidiaries which are not Loan Parties in other Subsidiaries which are not Material Subsidiaries or (iv) Material Subsidiaries which are not Loan Parties in partially-owned entities which are not Subsidiaries, when added to Indebtedness permitted under Section 6.1(l) and (m), Guarantee Obligations permitted under Section 6.3(f) and Investments permitted under Section 6.7(j), in an aggregate principal amount (for all of the Credit Parties) not to exceed $35,000,000 at any one time outstanding;

(j) Investments by any Loan Party in any non-wholly owned Non-Loan Party, when added to Indebtedness permitted under Section 6.1(l) and (m), Guarantee Obligations permitted under Section 6.3(f) and Investments permitted under Section 6.7(i), in an aggregate principal amount (for all of such Loan Parties) not to exceed $35,000,000 at any one time outstanding;

(k) Investments from and including February 23, 2006 to December 31, 2007 by the Borrower, either directly or indirectly, in Calpine Greenfield Commercial Trust solely to finance the Greenfield Project Partnership, provided that the aggregate amount of any such Investments shall not exceed $45,000,000;

(l) the Borrower may cause the Letters of Credit identified on Schedule 6.7(m) to be issued hereunder to support the obligations of Credit Parties that are not Loan Parties in an aggregate amount not to exceed $60,284,165.30; provided that, in each case, such Letters of Credit shall be for the sole purpose of replacing the letters of credit outstanding under the BLB Facility as of September 25, 2006;

(m) Investments by one Global Entity in another Global Entity constituting Dispositions permitted under Section 6.5;

(n) the Borrower may cause Letters of Credit in an aggregate amount not to exceed $25,000,000 to be issued hereunder in favor of San Diego Gas & Electric Company to support the obligations of Otay Mesa under the Amended PPA (as defined in the Otay Mesa Motion);

(o) Investments consisting of Letters of Credit issued for the account of Non-Loan Parties listed on Schedule 6.7(o) for the purpose and up to the amount for each such Letter of Credit described on such Schedule;

(p) Investments by one Global Entity into another Global Entity identified on Schedule 6.7(p) for the purposes and up to the amount for each such Investment described on such Schedule; and

(q) intercompany Investments by the Borrower in any Subsidiary of the Borrower or by any Subsidiary of the Borrower to another Subsidiary of the Borrower not to exceed the amount of the Loans borrowed by the Borrower for the purpose of (i) repaying and redeeming the CalGen Prepetition Secured Obligations, (ii) refinancing in full secured debt and secured lease obligations of any Subsidiary of the Borrower and preferred securities existing on the Closing Date listed on Schedule 3.10, (iii) satisfying the CalGen Makewhole Payment or (iv) funding distributions to holders of claims payable pursuant to a Reorganization Plan confirmed by the Bankruptcy Court pursuant to the Confirmation Order in any of the Cases so long as (x) the proceeds of such Loans are used for such purposes and (y) in the case of clause (ii) above, the assets of such Subsidiary (to the extent such Liens are not prohibited by contractual restrictions existing as of the Closing Date and then in effect), and the equity interests in such Subsidiary and each intermediate holding company between such Subsidiary and the Borrower (to the extent Liens on the equity interests of such intermediate holding company are not prohibited by contractual restrictions existing as of the Closing Date and then in effect) shall be, upon such repayment, included as Collateral (in each case, except to the extent set forth on Schedule 2.33 annexed hereto); it being understood that to the extent that any such Liens on such assets are prohibited by contractual restrictions existing as of the Closing Date and then in effect, the Borrower shall not permit any additional consensual Liens on such assets.

6.8. Transactions with Affiliates. Sell or transfer any property or assets to, or otherwise engage in any other transactions with, any of its Affiliates, except that (i) any Loan Party may engage in transactions with any other Loan Party, (ii) any Global Entity that is not a Credit Party may engage in transactions with any other Global Entity that is not a Credit Party, (iii) any Credit Party may engage in (A) transactions set forth on Schedule 6.8 and (B) any transaction which is otherwise expressly permitted under this Agreement or otherwise in the ordinary course of business at prices and on terms and conditions not less favorable to such Credit Party than could be obtained in a comparable arm's-length transaction from unrelated third parties and (iv) any Material Subsidiary that is not a Loan Party may engage in transactions with any other Material Subsidiary that is not a Loan Party.

6.9. Lines of Business. Engage to any substantial extent in any line or lines of business activity other than (i) businesses of the type as those in which the Credit Parties are engaged on

the Closing Date or which are related thereto and (ii) as required by the Bankruptcy Code, or modify or alter in any material manner the nature and type of the Credit Parties' businesses, except (x) such modifications disclosed to the Administrative Agent or as required by the Bankruptcy Code and (y) for sales permitted under Section 6.5.

6.10. Concentration Account. (a) Fail to maintain a system of cash management that concentrates unrestricted cash in excess of $25,000,000 into the Concentration Account on a daily basis pursuant to arrangements reasonably satisfactory to the Collateral Agent, (b) fail to provide the Collateral Agent with an executed control or similar agreement relating to the investment account maintained by Borrower with Scudder Investments (or another affiliate of the Collateral Agent), in form and substance reasonably acceptable to the Collateral Agent and the Borrower. All funds in the Concentration Account shall be invested by the Collateral Agent, as principal concentration bank, in overnight cash accounts or other money market funds as approved by the Collateral Agent. In connection with the maintenance of the foregoing, the Borrower shall seek the entry of appropriate Bankruptcy Court orders, reasonably satisfactory to the Administrative Agent and the Borrower, providing for the implementation of such cash management system. Subject to the DIP Refinancing Order, the Borrower may direct the transfer of available funds on deposit in the Concentration Account to its disbursement accounts and, subject to Sections 6.1 and 6.7, Subsidiaries of the Borrower; and (c) notwithstanding the preceding provisions of this Section 6.10 or the provisions of Section 6.20, (A) RockGen Energy LLC ("RockGen") may maintain one or more segregated reserve accounts (collectively, the "RockGen Reserve Account") (i) the only deposits into which shall be post-Petition Date revenues initially received by RockGen from operations in the ordinary course of business (including any such revenues which following their receipt may have been initially deposited into the Concentration Account) which RockGen is required or permitted to set aside as reserves under its existing or future agreements with its project lessors and such project lessors' debtholders and/or their representatives and (ii) from which amounts may be withdrawn from time to time (whether or not a Default or Event of Default hereunder has occurred and is continuing) to satisfy capital and operating expenses and other obligations owed by RockGen to its project lessors and such project lessors' debtholders and/or their representatives, (B) the RockGen Reserve Account and amounts deposited thereto shall not be subject to the cash management concentration requirements of this Section 6.10 or Section 6.20 and shall constitute "restricted cash" for purposes of such sections and (C) the lien and security interest of the Lenders, the Collateral Agent and the Administrative Agent in the RockGen Reserve Account and amounts deposited from time to time therein shall be junior to any lien and security interest in such account and such amounts that may exist from time to time in favor of RockGen's project lessors and project lenders. For the purposes of Section 6.10 and Section 6.20, cash distributed by the CalGen Parties in accordance with the CalGen Cash Collateral Stipulation and on deposit in the CalGen Cash Collateral Account shall constitute "restricted cash" and the lien and security interest of the Lenders, the Collateral Agent and the Administrative Agent in the CalGen Cash Collateral Account and the amounts distributed by the CalGen Parties in accordance with the CalGen Cash Collateral Stipulation and deposited from time to time therein shall be junior to the liens granted to the CalGen Parties therein pursuant to the CalGen Adequate Protection Stipulation.

6.11. Chapter 11 Claims. In respect of any Loan Party, incur, create, assume, suffer to exist or permit any other Superpriority Claim or Lien which is pari passu with or senior to the claims of the Collateral Agent, Administrative Agent and the Lenders granted pursuant to this Agreement, the Security and Pledge Agreement and the DIP Refinancing Order except for the Carve-Out and Permitted Liens (solely as to those Permitted Liens which are permitted under Section 6.2(p) or permitted under this Agreement to be pari passu with or senior to the Liens of the Collateral Agent) which, in accordance with the DIP Refinancing Order, are senior to such Liens and Liens granted on the CalGen Cash Collateral Account in favor of the CalGen Parties pursuant to the CalGen Adequate Protection Stipulation and Liens on cash deposits provided as collateral pursuant to the terms of the Trading Order.

6.12. Reclamation Claims; Bankruptcy Code Section 546(g) Agreements. (a) Make any payments or transfer any property on account of claims asserted by any vendors of any Loan Party for reclamation in accordance with Section 2-702 of the Uniform Commercial Code and Section 546(c)(1) of the Bankruptcy Code and are not otherwise entitled to administrative claim status under Section 503(b)(9) of the Bankruptcy Code or (b) enter into any agreements or file any motion seeking a Bankruptcy Court order for the return of property of any Loan Party to any vendor pursuant to Section 546(g) of the Bankruptcy Code in the aggregate for clauses (a) and (b) in excess of $12,000,000 in the aggregate.

6.13. Capital Expenditures. Make or commit to make (by way of the acquisition of securities of a Person or otherwise) any Capital Expenditure of the Loan Parties in the ordinary course of business exceeding (i) $_____ in fiscal year 2007 of the Borrower, (ii) $_____ in fiscal year 2008 of the Borrower and (iii) $_____ in fiscal year 2009 of the Borrower; provided that any such amount, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next succeeding fiscal year. In addition, the Loan Parties shall be permitted to make the Capital Expenditures described on Schedule 6.13 and with Reinvestment Deferred Amounts to the extent permitted under Section 2.17(a), in each case without reducing the amount permitted for any fiscal year set forth in the immediately preceding sentence provided, that any such amount, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next succeeding fiscal year.

6.14. Use of Proceeds. Use the proceeds of the Loans or the Letters of Credit for purposes other than those described in Section 3.10.

6.15. Consolidated EBITDA. Permit Consolidated EBITDA for the Global Entities for each rolling twelve (12) fiscal month period ending on the dates listed below to be less than the amount listed opposite such month:

Month	**Global Entities EBITDA ($)**
March 31, 2007	[$575,000,000]
April 30, 2007	[$615,000,000]
May 31, 2007	[$615,000,000]
June 30, 2007	[$615,000,000]
July 31, 2007	[$650,000,000]
August 31, 2007	[$650,000,000]
September 30, 2007	[$675,000,000]
October 31, 2007	[$675,000,000]
November 30, 2007	[$675,000,000]
December 31, 2007	
January 31, 2008	
February 29, 2008	
March 31, 2008	
April 30, 2008	
May 31, 2008	
June 30, 2008	
July 31, 2008	
August 31, 2008	
September 30, 2008	
October 31, 2008	
November 30, 2008	

Month	Global Entities EBITDA ($)
December 31, 2008	
January 31, 2009	
February 28, 2009	
March 31, 2009	

6.16. Minimum Liquidity. Permit Minimum Liquidity of the Loan Parties at the last day of each calendar month to be less than $250,000,000.

6.17. Amendments to Documents. Amend, supplement or modify, without the consent of the Administrative Agent, in any material manner adverse to the interest of the Lenders any material project financing documents to which a Material Subsidiary is a party.

6.18. Control Agreements. Within 90 days following the Closing Date, fail to provide the Collateral Agent with executed control, blocked account or similar agreements relating to all accounts maintained by the Borrower with the Union Bank of California, in form and substance reasonably acceptable to the Collateral Agent. Any time upon 90 days' written notice to the Borrower, the Collateral Agent may require the Borrower to maintain, and the Borrower shall not fail to maintain, a cash management system that concentrates all unrestricted cash of the Borrower and its Subsidiaries on a daily basis in the Concentration Account or such other accounts as are reasonably acceptable to the Collateral Agent, in each case pursuant to arrangements and documentation reasonably satisfactory to the Collateral Agent.

6.19. Adequate Protection Payments. Without the prior consent of the Required Lenders and the Administrative Agent, make any payments of adequate protection or otherwise with respect to any Calpine Second Lien Debt (as such term is defined in the Cash Collateral Order) other than the two Periodic Cash Payments (as such term is defined in the Cash Collateral Order) and other than the 2006 Adequate Protection Amount and the 2007 Adequate Protection Amount (as such terms are defined in the Agreed Order Further Modifying Order Authorizing Use of Cash Collateral and Granting Adequate Protection, entered by the Bankruptcy Court on or about December 28, 2006 (as entered on such date and as may be amended in a manner reasonably satisfactory to the Administrative Agent, the "Agreed Order")), so long as (v) each such payment is made in accordance with the Agreed Order, (w) at the time of any such payment no Default or Event of Default has occurred and is continuing, (x) the aggregate amount of all such payments made in respect of the 2006 Adequate Protection Amount pursuant to the Agreed Order shall not exceed $100,300,000, (y) the proceeds of the Revolving Loans or Swingline Loans shall not be used to make any such payment and (z) immediately after giving effect to each such payment no Revolving Loans or Swingline Loans shall be outstanding.

SECTION 7

EVENTS OF DEFAULT

If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to (i) pay any principal under any Note or under this Agreement, including without limitation, pursuant to Section 2.17 hereof, when due in accordance with the terms thereof or hereof or to reimburse the Fronting Bank in accordance with Section 2.8(d) or (ii) pay any interest on any Note or under this Agreement, or any other amount payable hereunder or under any

other Loan Document, within three (3) Business Days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement required to be furnished by a Loan Party at any time under or in connection with this Agreement or any other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) Any material provision of this Agreement (including without limitation, Section 9) or any other Loan Document shall cease to be valid and binding on the Loan Parties or cease to be in full force and effect, or any Credit Party shall so assert in any pleading filed in any court; or

(d) Any Loan Party shall default in the observance or performance of any covenant or other agreement contained in Section 1.3, Section 5.4(a) (with respect to the Borrower), or Section 6 hereof or Section 5 of the Security and Pledge Agreement; or

(e) Any Loan Party shall default in the observance or performance of any covenant or other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (d) of this Section 7), and such default shall continue unremedied for a period of fifteen (15) days; or

(f) Any Loan Party shall (i) default in any payment of principal of or interest on any post-Petition Date Indebtedness permitted under Section 6.1 (other than as provided in Section 7(a)), or in the payment of any post-Petition Date Guarantee Obligation permitted under Section 6.3, in either case in an outstanding principal amount in excess of $10,000,000 beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such post-Petition Date Indebtedness or post-Petition Date Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such indebtedness or beneficiary or beneficiaries of such Guarantee Obligation or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries to cause, with the giving of notice if required (but after the expiration of all grace periods applicable thereto), such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable, provided, however, this clause (ii) shall not apply to Indebtedness that becomes due solely as a result of the voluntary sale or transfer of property or assets to the extent such sale or transfer is permitted by the terms of such Indebtedness; or

(g) Any of the Cases shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code (except a dismissal of the Cases of Towantic Energy, LLC and CPN Oxford, Inc. substantially contemporaneously with the sale permitted under Section 6.5(o), a dismissal of the Case of Skipanon Natural Gas LLC substantially contemporaneously with the sale permitted under Section 6.5(p) or any dismissal of a Case substantially contemporaneously with a liquidation or a Disposition permitted under Sections 6.4 or 6.5); or

(h) (i) An order of the Bankruptcy Court (other than (x) the CalGen Adequate Protection Stipulation with respect to the Lien granted to the CalGen Parties therein on the CalGen Cash Collateral Account and (y) the orders with respect to Liens permitted under Section 6.2(p)), shall be entered granting another Superpriority Claim or Lien pari passu with or senior to that granted to the Lenders and the Collateral Agent pursuant to this Agreement and the DIP Refinancing Order; or (ii) an order of the Bankruptcy Court shall be entered reversing, staying for a period in excess of ten (10) days,

vacating or otherwise amending, supplementing or modifying the DIP Refinancing Order without the written consent of the Administrative Agent; (iii) an order of a court of competent jurisdiction shall be entered terminating the use of Cash Collateral by the Borrower or any Material Subsidiary; or (iv) an order of the Bankruptcy Court shall be entered under Section 1106(b) of the Bankruptcy Code in any of the Cases appointing a trustee, a responsible officer or an examiner having enlarged powers relating to the operation of the business of the Loan Parties (i.e., powers beyond those set forth under Sections 1106(a)(3) and (4) of the Bankruptcy Code) and such order shall not be reversed or vacated within thirty (30) days after the entry thereof; or

(i) Any Global Entity shall make any payments (including any adequate protection payments) relating to pre-Petition Date obligations or interests, in each case of any Loan Party, other than (i) as permitted under the DIP Refinancing Order; (ii) in respect of accrued payroll and related expenses and employee benefits as of the Petition Date; (iii) in accordance with, and to the extent authorized by, orders reasonably satisfactory to the Administrative Agent; (iv) as otherwise permitted under this Agreement; (v) paying dividends pursuant to the Preferred Equity Documents as in effect on the Petition Date at any time after Calpine CCFC Holdings, Inc. and its Subsidiaries (including without limitation, CCFC Preferred Holdings LLC and its Subsidiaries) have become Debtors and Loan Parties in accordance with Section 5.11(b) and have otherwise complied with the provisions thereof and so long as no Default or Event of Default shall have occurred and is continuing; (vi) payments by a Global Entity that is not a Debtor in respect of prepetition obligations of a Debtor for services and materials that were used solely in the construction or maintenance of a project that is not a Debtor and such payment is necessary to avoid the incurrence of a statutory lien against such project; and (vii) payments in respect of prepetition obligations of a Debtor by a Global Entity that is not a Debtor for common facilities or services to the extent necessary to ensure that such common facilities or services remain available to such Global Entity and such Debtor; or

(j) Except in respect of the transactions permitted under Section 6.5(a)(iii) or as permitted under paragraph 2(g) of the Order Authorizing and Approving Settlement Procedures For Settling Certain Claims and Causes of Action Brought by or Against the Debtors in a Judicial, Administrative, Arbitral or Other Action or Proceeding [Docket No. 2469], the entry of an order or stipulation granting relief from the automatic stay without the affirmative consent of the Administrative Agent so as to allow a third party to proceed against any property of any Loan Party which has a value in excess of $10,000,000 in the aggregate; or

(k) The filing of any pleading by any Global Entity seeking, or otherwise consenting to, any of the matters set forth in paragraphs (g), (h) or (i) above in this Section 7; or

(l) (i) One or more judgments or decrees required to be satisfied as an administrative expense claim shall be entered after the Petition Date against any Credit Party involving in the aggregate a liability (to the extent not paid or fully covered by insurance) of $10,000,000 or more and all such judgments or decrees shall not have been vacated, stayed or bonded pending appeal within the time required by the terms of such judgment or applicable law; or (ii) there shall be rendered against any Loan Party a non-monetary judgment with respect to a post-Petition Date event which causes or would reasonably be expected to cause a Material Adverse Effect; or

(m) It shall be determined (whether by the Bankruptcy Court or by any other judicial or administrative forum) that any Credit Party is liable for the payment of claims arising out of any failure to comply (or to have complied) with applicable Environmental Laws or regulations the payment of which could reasonably be expected to have a Material Adverse Effect; or

(n) Any proceeding shall be commenced by any Loan Party seeking, or otherwise consenting to, (i) the invalidation, subordination or challenging in any respect the Superpriority Claims and Liens granted to secure the Obligations or (ii) any relief under Section 506(c) of the Bankruptcy Code with respect to any Collateral; or

(o) Any Loan Party files a Reorganization Plan that does not provide for (x) the indefeasible payment in full in cash of the Obligations on the effective date of such Reorganization Plan or (y) the assumption of the Obligations by the reorganized Debtors in accordance with Section 2.33; or

(p) (i) A default, event of default, acceleration event or similar event shall have occurred and be continuing under any project financing documentation of any Material Subsidiary, the lenders thereunder shall have taken foreclosure or acceleration action in respect thereof (including without limitation, any interruption of distributions to any Credit Party, and such foreclosure or acceleration action remains unstayed for a period of fifteen (15) days (or such Material Subsidiary shall not, within such fifteen (15) days, have become a Debtor and a Loan Party in accordance with Section 5.11(b) and otherwise complied with the provisions thereof) or (ii) a "Voting Rights Trigger Event", default, event of default or similar event shall have occurred under the Preferred Equity Documents except to the extent that (x) any such "Voting Rights Trigger Event" occurred solely as a result of the commencement of the Cases and has been stayed and not exercised or (y) any such "Voting Rights Trigger Event", default, event of default or similar event has not resulted in a change of control or similar event at CCFC Preferred Holdings, LLC or any of its Subsidiaries or in a foreclosure or acceleration action by lenders of Indebtedness of CCFC Preferred Holdings, LLC or any of its Subsidiaries; or

(q) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Global Entity or any Commonly Controlled Entity; (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is likely to result in the termination of such Plan for purposes of Title IV of ERISA; (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA; (v) any Global Entity or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or ERISA Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(r) There shall occur a Change of Control;

then, and in every such event and at any time thereafter during the continuance of such event, and without further order of or application to the Bankruptcy Court, the Administrative Agent may, and, at the request of the Required Lenders, the Administrative Agent or the Collateral Agent (subject to the terms of the Security and Pledge Agreement), shall, by notice to the Borrower (with a copy to counsel for any statutory committee appointed in the Cases and to the United States Trustee for the Southern District of New York), take one or more of the following actions, at the same or different times; provided that (a) with respect to clause (iv) below and the enforcement of Liens or other remedies with respect to the Collateral under clause (v) below, the Collateral Agent shall provide the Borrower (with a copy to counsel for any statutory committee appointed in the Cases and to the United States Trustee for the Southern District of New York) with five (5) Business Days' written notice prior to taking the action contemplated thereby: (i) terminate forthwith the Revolving Commitments; (ii) declare the Loans then outstanding to be

forthwith due and payable, whereupon the principal of the Loans, any Letter of Credit Outstandings constituting then drawn and unreimbursed Letters of Credit, together with accrued interest thereon and any unpaid accrued Fees and all other Obligations of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document to the contrary notwithstanding; (iii) require the Loan Parties upon demand to forthwith deposit in the L/C Cash Collateral Account cash in an amount such that the aggregate amount on deposit in the L/C Cash Collateral Account is equal to 105% of the face amount of each outstanding and undrawn Letter of Credit and, to the extent the Borrower shall fail to furnish such funds as demanded by the Collateral Agent, the Collateral Agent shall be authorized to debit the accounts of the Loan Parties maintained with the Collateral Agent in such amount for the deposit of such amounts in the L/C Cash Collateral Account; (iv) subject to the DIP Refinancing Order, set-off amounts in the L/C Cash Collateral Account, the Concentration Account or any other accounts of the Loan Parties and apply such amounts to the Obligations of the Loan Parties hereunder and under the other Loan Documents in accordance with the Security and Pledge Agreement; and (v) exercise, subject to the DIP Refinancing Order, any and all remedies under this Agreement, the Security and Pledge Agreement, the DIP Refinancing Order, and applicable law available to the Administrative Agent, the Collateral Agent and the Lenders.

SECTION 8

THE AGENTS

8.1. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender hereby irrevocably designates and appoints the Collateral Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Collateral Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, none of the Administrative Agent and the Collateral Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against such Agent.

8.2. Delegation of Duties. Each of the Administrative Agent and the Collateral Agent may execute any of their duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. None of the Administrative Agent and the Collateral Agent shall be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

8.3. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision

of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

8.4. Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts reasonably selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless the Administrative Agent shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement or any other Loan Document, the Majority Facility Lenders or all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

8.5. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless it has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement or any other Loan Document, the Majority Facility Lenders or all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as the Administrative Agent shall deem advisable in the best interests of the Lenders.

8.6. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and

creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

8.7. Indemnification. The Lenders agree to indemnify the Agents in their capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentage in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Commitment Percentage immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

8.8. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

8.9. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon ten (10) days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 7(a) shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as an Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as an Administrative Agent by the date that is ten (10) days following the retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's

resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After the retiring Administrative Agent's resignation, the provisions of this Section 8 and Section 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

8.10. The Syndication Agent and the Documentation Agent. [The Syndication Agent and the Documentation Agent shall not have any duties or responsibilities hereunder in its capacity as such or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Syndication Agent and the Documentation Agent].

8.11. Collateral Security. The Collateral Agent will hold, administer and manage any Collateral pledged from time to time hereunder either in its own name or as Collateral Agent, but each Lender shall hold a direct, undivided pro-rata beneficial interest therein, on the basis of its proportionate interest in the secured obligations, by reason of and as evidenced by this Agreement and the other Loan Documents, subject to the priority of payments referenced in Section 15(g) of the Security and Pledge Agreement.

8.12. Enforcement by the Administrative Agent. All rights of action under this Agreement and under the Notes and all rights to the Collateral hereunder may be enforced by the Administrative Agent and the Collateral Agent and any suit or proceeding instituted by the Administrative Agent or the Collateral Agent in furtherance of such enforcement shall be brought in its name as Administrative Agent or Collateral Agent without the necessity of joining as plaintiffs or defendants any other Lenders, and the recovery of any judgment shall be for the benefit of Lenders subject to the expenses of the Administrative Agent and the Collateral Agent.

SECTION 9

GUARANTEE

9.1. Guarantee.

(a) Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Collateral Agent, the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns permitted hereunder, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor under this Section 9.1 and under the other Loan Documents shall in no event exceed the amount which is permitted under applicable federal and state laws relating to the insolvency of debtors.

(c) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 9 or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) The guarantee contained in this Section 9 shall remain in full force and effect until all the Obligations and the obligations of each Guarantor under the guarantee contained in this Section 9 shall have been satisfied by payment in full (other than contingent indemnification obligations which have not been asserted), no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of this Agreement the Borrower may be free from any Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Obligations or any payment received or collected from such Guarantor in respect of the Obligations), remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations are paid in full (other than contingent indemnification obligations which have not been asserted), no Letter of Credit shall be outstanding and the Commitments are terminated.

9.2. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 9.3. The provisions of this Section 9.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

9.3. No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrower on account of the Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement.

9.4. Amendments, etc. with respect to the Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Obligations continued, and the Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified,

accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and the other Loan Documents and any other documents executed and delivered in connection herewith or therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for the guarantee contained in this Section 9 or any property subject thereto.

9.5. Guarantee Absolute and Unconditional. Each Guarantor waives to the extent permitted by law any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 9 or acceptance of the guarantee contained in this Section 9; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 9; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 9. Each Guarantor waives to the extent permitted by law diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Obligations. Each Guarantor understands and agrees that the guarantee contained in this Section 9 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement or any other Loan Document, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of such Guarantor under the guarantee contained in this Section 9, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

9.6. Reinstatement. The guarantee contained in this Section 9 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Loan Party, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar

officer for, any Loan Party or any substantial part of its property, or otherwise, all as though such payments had not been made.

9.7. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars at its Funding Office.

SECTION 10

MISCELLANEOUS

10.1. Amendments and Waivers.

(a) None of this Agreement, any Note, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (I) enter into with the Loan Parties written amendments, supplements or modifications hereto, to the Notes and to the other Loan Documents for the purpose of adding any provisions to this Agreement, the Notes or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (II) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement, the Notes or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) reduce the amount or extend the scheduled date of any amortization payment or maturity of any Loan or other Extension of Credit or Note, or the date for payment of any reimbursement obligations in respect of Letters of Credit or reduce the stated rate of any interest or fee payable hereunder (provided, however, that only the consent of the Required Lenders shall be necessary for the waiver of payment of default interest) or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, or modify the Superpriority Claim status of the Lenders in respect of any Extensions of Credit, in each case without the consent of each Lender directly affected thereby (it being understood that a waiver of any Event of Default or Default shall not be deemed to be an increase in the amount of any Lender's Commitments), (B) without the written consent of the Swingline Lender, amend, modify or waive any provision of Section 2.6 or 2.7; (C) without the consent of all the Lenders, (i) amend, modify or waive any provision of this Section 10.1 or any other provision of any Section hereof expressly requiring the consent of all the Lenders, (ii) reduce the percentage specified in or otherwise change the definition of Required Lenders and Supermajority Lenders or Majority Facility Lenders, (iii) release all or substantially all of the Collateral for the Obligations, release all or substantially all of the Guarantors or release the Superpriority Claim of the Administrative Agent, the Collateral Agent and the Lenders in respect of all or substantially all of the Debtors or (iv) consent to the assignment or transfer by any Loan Party of any of its rights and obligations under this Agreement and the other Loan Documents, (D) without the consent of the Majority Facility Lenders under the Revolving Facility, waive the condition precedent set forth in Section 4.2(c), (E) amend, modify or waive any provision of Section 2.20 or Section 15(g) of the Security and Pledge Agreement without the written consent of the Majority Facility Lenders in respect of each Facility adversely affected thereby, (F) amend, modify or waive any provision of (i) Sections 2.8 through 2.10 without the consent of the Fronting Bank or (ii) Section 8 or any other provision of this Agreement or the other Loan Documents which affects, the rights, duties or obligations of the Administrative Agent without the written consent of the Administrative Agent, (G) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility and (H) require consent of any Person to an Incremental Commitment Supplement or other amendment to this Agreement made pursuant to Section 2.33 other than the Borrower, the Guarantors, each Lender agreeing to provide a commitment to such

Incremental Term Loans, each New Lender with respect thereto and the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Notes and any other Loan Documents, and any Default or Event of Default waived shall be deemed to have not occurred or to be cured and not continuing, as the parties may agree; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon. Any such amendment, supplement or modification of this Agreement shall amend, supplement or modify the Exit Facility Agreement as may be mutually agreed by the Administrative Agent and the Borrower without further action by any other party hereto.

(b) Notwithstanding anything to the contrary contained in Section 10.1(a), in the event that the Borrower requests that this Agreement be modified or amended in a manner which would require the unanimous consent of all of the Lenders and/or each Lender directly affected thereby and such modification or amendment is agreed to by the Supermajority Lenders, then with the consent of the Borrower and the Supermajority Lenders, the Borrower and the Supermajority Lenders shall be permitted to amend the Agreement without the consent of the Lender or Lenders which did not agree to the modification or amendment requested by the Borrower (such Lender or Lenders, the "Minority Banks") to provide for (w) the termination of the Commitment of each of the Minority Banks, (x) the addition to this Agreement of one or more other financial institutions (each of which shall be an Eligible Assignee), or an increase in the Commitment of one or more of the Supermajority Lenders with consent of such Lender, so that the Total Commitment after giving effect to such amendment shall be in the same amount as the Total Commitment immediately before giving effect to such amendment, (y) if any Loans or other Extensions of Credit are outstanding at the time of such amendment, the making of such additional Loans by such new financial institutions or Supermajority Lender or Lenders, as the case may be, as may be necessary to repay in full the outstanding Obligations of the Minority Banks immediately before giving effect to such amendment and (z) such other modifications to this Agreement as may be appropriate.

10.2. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when received, addressed as follows in the case of the Loan Parties and the Administrative Agent, and as set forth in the administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower and the Guarantors:

Calpine Corporation
50 West San Fernando Street
San Jose, CA 95113
Attention: Chief Financial Officer
Telecopier No.: 408-995-0505

with copies (which shall not constitute notice) to:

50 West San Fernando Street
San Jose, CA 95113
Attention: General Counsel
Telecopier No.: 408-995-0505

Kirkland & Ellis LLP
Citigroup Center

153 East 53rd Street
New York, NY 10022
Attention: Rick Cieri, Esq.
Telecopier No.: 212-446-4900

The Administrative Agent:

Credit Suisse
Eleven Madison Avenue
New York, NY 10010
Attention: James Moran
Telecopier No.: 212-743-1878

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Peter V. Pantaleo, Esq.
Telecopier No.: 212-455-2502

The Fronting Bank
and Swingline Lender:

10.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4. Survival of Representations and Warranties. All representations and warranties made herein and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes.

10.5. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent, the Collateral Agent, the Joint Lead Arrangers and each Lender for all its out-of-pocket costs and expenses reasonably incurred in connection with the development, preparation and execution of, any amendment, supplement or modification to this Agreement, the Notes, the other Loan Documents, the DIP Refinancing Order and any other documents prepared in connection herewith or therewith, in the case of the Administrative Agent and the Collateral Agent, the consummation and administration of the transactions contemplated hereby and thereby, and the reasonable fees and disbursements of counsel to the Administrative Agent and the Collateral Agent and professionals engaged by the Administrative Agent and the Collateral Agent, (b) to pay or reimburse the Administrative Agent, the Collateral Agent and each Lender for all its costs and expenses reasonably incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes, the other Loan Documents, the DIP Refinancing Order and any such other documents following the occurrence and during the continuance of a Default or an Event of Default, including without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, the Collateral Agent and each Lender and professionals engaged by the Administrative Agent, the Collateral Agent and the Lenders, (c) to pay, and indemnify and hold harmless each Lender, the Collateral Agent and the Administrative Agent from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in

paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the other Loan Documents, the DIP Refinancing Order and any such other documents, (d) to pay all the actual and reasonable out-of-pocket expenses of the Administrative Agent related to this Agreement, the other Loan Documents, the DIP Refinancing Order, the Loans or the Letters of Credit in connection with the Cases (including without limitation, the on-going monitoring by the Administrative Agent of the Cases, including attendance by the Administrative Agent and counsel at hearings or other proceedings and the on-going review of documents filed with the Bankruptcy Court) and (e) to pay, and indemnify and hold harmless each Lender, the Collateral Agent and the Administrative Agent (and their respective directors, officers, employees and agents) from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance, preservation of rights and administration of this Agreement, the Notes, the other Loan Documents, the DIP Refinancing Order or the use of the proceeds of the Extensions of Credit, including without limitation, any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Loan Parties or any of their respective properties (all the foregoing in this clause (e), collectively, the "indemnified liabilities"), provided that the Borrower shall have no obligation hereunder to the Administrative Agent, the Collateral Agent or any Lender (or their respective directors, officers, employees and agents) with respect to indemnified liabilities determined by the final judgment of a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of the Administrative Agent, the Collateral Agent or such Lender or their respective directors, officers, employees and agents; provided, further, that the Borrower shall in no event be responsible for punitive damages pursuant to this Section 10.5 except such punitive damages required to be paid by any indemnified party in respect of any indemnified liabilities. The agreements in this subsection shall survive repayment of the Loans and all other Obligations payable hereunder.

10.6. Successors and Assigns; Participations; Purchasing Lenders.

(a) This Agreement shall be binding upon and inure to the benefit of the Loan Parties, the Lenders, the Administrative Agent, the Fronting Bank, all future holders of the Notes and their respective successors and assigns, except that neither the Borrower nor any Guarantor may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, without notice to or consent of the Administrative Agent and the Borrower, in the ordinary course of its lending business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. No Lender shall grant any participation under which the Participant shall have the right to require such Lender to take or omit to take any action hereunder or approve any amendment to or waiver of this Agreement or the Notes or any other Loan Document, except to the extent such amendment or waiver would: (i) extend the final maturity date of, or extend any date for payment of any principal, interest or fees applicable to, the Loans, Letters of Credit or Commitments

in which such Participant is participating, (ii) reduce the interest rate or the amount of principal or fees applicable to the Loans or the Letters of Credit in which such Participant is participating or (iii) release any Lien granted pursuant to Section 2.28 hereof and the DIP Refinancing Order (or the Final DIP Refinancing Order, as applicable) on all or substantially all of the Collateral. The Borrower agrees that if amounts outstanding under this Agreement and the Notes are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.21, 2.22 and 2.23 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; and provided that the Participant and the transferor Lender shall not be entitled to receive in the aggregate any greater amount pursuant to such subsections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its business of making or investing in loans and in accordance with applicable law, at any time sell to any Lender or to one or more Eligible Assignees (each a "Purchasing Lender") all or any part of its rights and obligations under this Agreement and the Notes pursuant to an Assignment and Acceptance, substantially in the form of Exhibit D, executed by such Purchasing Lender, such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender, by the Administrative Agent) and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that (i) other than in the case of a sale to a Purchasing Lender that is an Affiliate of the transferor Lender or to another Lender, or to an Affiliate or Related Fund of any Lender (collectively, a "Related Party Transfer"), the consent of the Administrative Agent shall be required (which consent shall not be unreasonably withheld or delayed), (ii) if such Purchasing Lender is not then a Lender, such sale must be to either (A) a commercial bank having total assets in excess of $5,000,000,000, (B) a finance company, insurance company or other financial institution or fund which is regularly engaged in the making of, purchasing or investing in, loans and having total assets in excess of $100,000,000 or (C) such other Person approved by the Administrative Agent (which approval shall not be unreasonably withheld or delayed) (each, an "Eligible Assignee"), (iii) unless such sale is to another Lender, Related Fund or Affiliate of any Lender, or involves less than all of the transferor Lender's rights and obligations under this Agreement, (A) the amount of the rights and obligations so sold shall, unless otherwise agreed to in writing by the Administrative Agent, not be less than $1,000,000 and (B) after giving effect to such assignment, the Commitment of each of the transferor Lender and the transferee Lender shall be at least $1,000,000, or such lesser amount agreed to by the Administrative Agent, (iv) in the case of any sale under the Revolving Facility (other than to another Lender, Related Fund or Affiliate of any Lender), the consent of the Fronting Bank and the Swingline Lender shall be required and (v) and in any case, the sale is not to an entity which is restricted from making future advances under a revolving credit facility if the sale is under the Revolving Facility or in any case, to an entity that has filed for relief under the Bankruptcy Code or that is a financially distressed company. Upon such execution, delivery, acceptance and recording of an Assignment and Acceptance, from and after the effective date of such transfer determined pursuant to and as defined in such Assignment and Acceptance, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of a Assignment and Acceptance covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment and Acceptance shall be

deemed to amend this Agreement (including Schedule 1.1A hereof) to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of the Commitment Percentage and Commitment of each of the transferor Lender and the Purchasing Lender arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Notes. To the extent requested in writing by the transferor Lender or the Purchasing Lender on or prior to the effective date of such transfer determined pursuant to such Assignment and Acceptance, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the Note of the transferor Lender a new Note to the order of such Purchasing Lender in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the transferor Lender has retained a Commitment hereunder, a new Note to the order of the transferor Lender in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Note replaced thereby. To the extent the transferor Lender requested a Note, the Note surrendered by the transferor Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled".

(d) The Administrative Agent, acting on behalf of the Borrower, shall maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice. Any assignment of any Loan whether or not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new Notes in the same aggregate principal amount shall be issued to the designated Purchasing Lender and the old Notes shall be returned by the Administrative Agent to the Borrower marked "cancelled".

(e) Upon its receipt of an Assignment and Acceptance executed by a transferor Lender and a Purchasing Lender (and, in the case of a Purchasing Lender that is not then a Lender, by the Administrative Agent, the Fronting Bank, the Swingline Lender and the Borrower to the extent required under paragraph (c) above) together with payment to the Administrative Agent of a registration and processing fee of $3,500 (except such fees shall not be payable with respect to assignments by CS), the Administrative Agent shall (i) promptly accept such Assignment and Acceptance, (ii) on the effective date of such transfer determined pursuant thereto record the information contained therein in the Register and (iii) give notice of such acceptance and recordation to the Lenders and the Borrower.

(f) Subject to Section 10.12, the Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a "Transferee") and any prospective Transferee (in each case which agrees to comply with the provisions of Section 10.12 hereof) any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or any other Loan Document or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(g) Nothing herein shall prohibit any Lender from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law. In the case of any Lender that is a fund that invests in bank loans, such Lender may, without the consent of the Borrower or the Administrative Agent,

assign or pledge all or any portion of its Notes or any other instrument evidencing its rights as a Lender under this Agreement to any trustee for, or any other representative of, holders of obligations owed or securities issued, by such fund, as security for such obligations or securities; provided that any foreclosure or similar action by such trustee or representative shall be subject to the provisions of this Section 10.6 concerning assignments.

10.7. Adjustments; Set-off.

(a) If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Aggregate Outstandings of Revolving Extensions of Credit or First Priority Term Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such Extensions of Credit or Loans as it pertains to such other Lender's Aggregate Outstandings of Revolving Extensions of Credit or First Priority Term Loans, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans or the Letter of Credit Outstandings owing to it, or shall provide such other Lenders with the benefits of any such payment or collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such payment or collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) Subject to (i) the Carve-Out, (ii) the DIP Refinancing Order and (iii) the giving of the notice as described Section 7, notwithstanding the provisions of Section 362 of the Bankruptcy Code and any other rights and remedies of the Lenders provided by law, each Lender shall have the right upon the occurrence and during the continuance of an Event of Default to set-off and apply against the Obligations, whether matured or unmatured, of the Loan Parties under this Agreement, the Notes or any other Loan Document, any amount owing from such Lender to any Loan Party at any time following the occurrence and during the continuance of any Event of Default subject in each case to Section 7 of this Agreement.

10.8. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

10.9. GOVERNING LAW. THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE.

10.10. Submission To Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Bankruptcy Court and, if the Bankruptcy Court does not have (or abstains from) jurisdiction, to the non-exclusive general jurisdiction of any State or Federal court of competent jurisdiction sitting in New York County, New York;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party, as the case may be at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction;

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages; and

(f) waives trial by jury in any legal action or proceeding referred to in this Section and any counterclaim therein.

10.11. Absence of Prejudice to the Lenders with Respect to Matters Before the Bankruptcy Court. Each Loan Party acknowledges that the Bankruptcy Code and Federal Rules of Bankruptcy Procedure require it to seek Bankruptcy Court authorization for certain matters that may also be addressed in this Agreement. No Loan Party will without the express consent of the Administrative Agent (a) mention in any pleading or argument before the Bankruptcy Court in support of, or in any way relating to, a position that Bankruptcy Court authorization should be granted on the ground that such authorization is permitted by this Agreement (unless a Person opposing any such pleading or argument relies on this Agreement to assert or question the propriety of such) or (b) in any way attempt to support a position before the Bankruptcy Court based on the provisions of this Agreement. The Administrative Agent or any Lender shall be free to bring, oppose or support any matter before the Bankruptcy Court no matter how treated in this Agreement.

10.12. Confidentiality. Each Lender agrees to keep confidential all non-public information provided to it by any Loan Party pursuant to this Agreement; provided that nothing herein shall prevent any Lender from disclosing any such information (a) to the Administrative Agent, the Fronting Bank, or any other Lender, (b) to any Transferee or prospective Transferee which agrees to comply with the provisions of this subsection, (c) to its Affiliates, employees, directors, agents, attorneys, accountants and other professional advisors who are bound by this or other confidentiality provisions (including professional ethics), (d) upon the request or demand, or in accordance with the requirements (including reporting requirements), of any Governmental Authority having jurisdiction over such Lender, provided that such Lender shall use commercially reasonable efforts to notify the applicable Loan Party of such disclosure, (e) in response to any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law or other legal process, provided that such Lender shall use commercially reasonable efforts to notify the applicable Loan Party of such disclosure, (f) which has been publicly disclosed other than in breach of this Agreement, (g) in connection with the exercise of any remedy under any Loan Document to the extent disclosure is material to such claim or exercise of remedies, (h) which was available to the Administrative Agent or such Lender prior to its disclosure to the Administrative Agent or such Lender, as the case may be, by such Loan Party or (i) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 10.12.

10.13. U.S.A. Patriot Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

10.14. Judgment Currency. The Obligations of the Borrower and any other Loan Party in respect of any sum due to the Fronting Bank hereunder, or under or in respect of any other Loan Document shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum was originally denominated (the "Original Currency"), be discharged only to the extent that on the Business Day following receipt by the Fronting Bank of any sum adjudged to be so due in the Judgment Currency, the Fronting Bank, in accordance with normal banking procedures, purchases the Original Currency with the Judgment Currency. If the amount of Original Currency so purchased is less than the sum originally due to the Fronting Bank, the Borrower agrees as a separate obligation and notwithstanding any such judgment, to indemnify the Fronting Bank against such loss, and if the amount of Original Currency so purchased exceeds the sum originally due to the Fronting Bank, the Fronting Bank agrees to remit any excess to the applicable Loan Party. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due under any Loan Document in another currency into Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Fronting Bank could purchase such other currency with Dollars, in New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and the year first written.

BORROWER:

CALPINE CORPORATION

By: _____
Name:
Title:

GUARANTORS:

[_____]

By: _____
Name:
Title:

AGENTS AND LENDERS:

CREDIT SUISSE, as Administrative Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

[_____],

By: _____
Name:
Title:

EXHIBIT F

EXECUTION COPY

CONFIDENTIAL

January 26, 2007

Calpine Corporation
50 W. San Fernando Street
San Jose, CA 95113
Attention: Mr. Zamir Rauf
Senior Vice President

CALPINE CORPORATION

$5,000,000,000 Debtor-in-Possession and Exit Loan Facility
Commitment Letter

Ladies and Gentlemen:

You have advised Credit Suisse ("***CS***"), Credit Suisse Securities (USA) LLC ("***CS Securities***" and, together with CS and their respective affiliates, "***Credit Suisse***"), Goldman Sachs Credit Partners L.P. (together with its affiliates, "***Goldman***"), JPMorgan Chase Bank N.A. ("***JPMorgan Chase Bank***"), J.P. Morgan Securities Inc. ("***JPMorgan Securities***" and together with JPMorgan Chase Bank and their respective affiliates, "***JPMorgan***"), Deutsche Bank Securities Inc. ("***DBSI***") and Deutsche Bank Trust Company Americas ("***DBTCA***" and together with its affiliates, "***Deutsche***", and Deutsche together with Credit Suisse, Goldman and JPMorgan, the "***Commitment Parties***" or "***us***" or "***we***") that Calpine Corporation (the "***Company***" or "***you***") and certain of your direct and indirect domestic subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code (the "***Cases***") in the Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***").

You have further advised us that the Company desires to establish a $5.0 billion secured superpriority debtor-in-possession facility that is convertible to a secured exit facility, with the loans under such facility being allocated as follows: (a) a senior secured first lien term loan facility in an aggregate principal amount of $4.0 billion (the "***First Priority Term Facility***"); and (b) a senior secured first lien revolving credit facility in an aggregate principal amount of up to $1.0 billion (the "***Revolving Facility***", and together with the First Priority Term Facility, the "***Facilities***"). The proceeds of the Facilities will be used (a) to refinance the Existing DIP Facilities (such term and each other capitalized term used but not defined herein having the meaning assigned to such terms in the Summary of Principal Terms and Conditions attached hereto as Exhibit A (the "***Term Sheet***"), (b) to repay and redeem the CalGen Prepetition Secured Obligations, (c) to refinance subsidiary secured debt, secured lease obligations and existing preferred securities issued Metcalf, CCFC, Gilroy, Auburndale and by other entities to be agreed upon, subject to certain limitations, and (d) for working capital and other general corporate purposes of the Borrower, the Guarantors and, to the extent permitted by the documentation for the Facilities, their subsidiaries (including, as relevant for each category and among other things, satisfaction of any potential claims, premiums or penalties related to (i) any "makewhole", repayment, prepayment or call provisions, (ii) any contract defaults, or (iii) any contract damages (collectively, the "Makewhole Claims")) (the transactions described in clauses (a) through (d) and the preceding parenthetical referred to herein, collectively, as the "***Transactions***").

1. Commitments.

In connection with the foregoing, CS is pleased to advise you of its commitment to provide up to $2.2 billion of the First Priority Term Facility and $550 million of the Revolving Facility, Goldman is pleased to advise you of its commitment to provide up to $1.4 billion of the First Priority Term Facility and $350 million of the Revolving Facility and JPMorgan Chase Bank is pleased to advise you of its commitment to provide up to $400 million of the First Priority Term Facility and $100 million of the Revolving Facility, in each case, upon the terms and subject to the conditions set forth or referred to in this commitment letter, including the Term Sheet and other attachments hereto (collectively, this "***Commitment Letter***"). The obligations of the Commitment Parties hereunder are several and not joint.

2. Agency Roles.

You hereby appoint (a) CS Securities, Goldman, JPMorgan Securities and DBSI to act, and each hereby agrees to act, as joint bookrunners and joint lead arrangers for the Facilities (together in such capacities, the "***Joint Lead Arrangers***") and (b) CS to act, and CS hereby agrees to act, as sole administrative agent and sole collateral agent for the Facilities, in each case on the terms and subject to the conditions set forth or referred to in this Commitment Letter. Each of the Joint Lead Arrangers and CS, in such capacities, will perform the duties and exercise the authority customarily performed and exercised by it in such roles. You agree that no other titles will be awarded and no compensation (other than that expressly contemplated by this Commitment Letter, the Fee Letter and other letters executed in connection with this Commitment Letter, (collectively, the "***Commitment Papers***")) will be paid in connection with the Facilities unless you and we shall so agree. You agree that CS Securities shall be the sole party with "first-left" placement, with Goldman acting as "second-left" of CS Securities and JPMorgan acting as "third-left" of CS Securities, on all marketing and other materials or documentation used or distributed in connection with the Facilities.

3. Syndication.

CS Securities reserves the right in its discretion to syndicate all or a portion of our commitments with respect to the Facilities to a group of banks, financial institutions and other institutional lenders (together with CS, Goldman, JPMorgan Chase Bank and DBTCA, the "***Lenders***") identified by us in consultation with you (it being understood that our respective commitments hereunder are not conditioned upon the commencement or successful completion of any such syndication) at any time after the delivery by us of this Commitment Letter (and such syndication may, at its sole discretion, continue after the execution of definitive documentation for the Facilities), and you agree actively to assist us in completing a satisfactory syndication and to provide CS Securities with a period of at least 30 consecutive days following the formal launch at a meeting of potential Lenders of the general syndication of the Facilities and immediately prior to the Closing Date to syndicate the Facilities. Such assistance shall include (a) your using commercially reasonable efforts to ensure that any syndication efforts benefit materially from your existing lending and investment banking relationships, (b) direct contact between senior management, representatives and advisors of the Company and the proposed Lenders, (c) assistance by the Company in the preparation of a Confidential Information Memorandum for each Facility and other marketing materials to be used in connection with the syndication as requested by us, (d) your providing an updated DIP budget, (e) your providing or causing to be provided a reasonably detailed business plan or projections of the Company and its subsidiaries for the years 2006 through 2012 and such fiscal quarters to be agreed upon, in each case in form and substance reasonably satisfactory to the Joint Lead Arrangers, (f) prior to the formal launch of the general syndications, the obtaining of ratings for each Facility from each of Standard & Poor's Ratings Service and Moody's Investors Service, Inc., and (g) the hosting, with CS Securities, of one or more meetings of prospective Lenders. You agree, at the request of CS Securities, to assist in the preparation of a version of the Confidential Information Memorandum and

other marketing materials and presentations to be used in connection with the syndication of the Facilities, consisting exclusively of information and documentation that is either (i) publicly available or (ii) not material with respect to the Company or its subsidiaries or any of their respective securities for purposes of foreign, United States Federal and state securities laws (all such information and documentation being "***Public Lender Information***"). Any information and documentation that is not Public Lender Information is referred to herein as "***Private Lender Information***". You further agree that each document to be disseminated by CS Securities to any Lender in connection with the Facilities will, at the request of CS Securities, be identified by you as either (i) containing Private Lender Information or (ii) containing solely Public Lender Information.

CS Securities will manage all aspects of any syndication in consultation with you, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocation of the commitments among the Lenders, any naming rights and the amount and distribution of fees among the Lenders. To assist CS Securities in its syndication efforts, you agree promptly to prepare and provide to CS Securities all information with respect to the Company and its subsidiaries, and the Transactions, including all financial information and projections (the "***Projections***"), as CS Securities may reasonably request.

4. Information.

You hereby represent and covenant (and it shall be a condition to each of CS's, Goldman's and JPMorgan Chase Bank's respective commitments hereunder and the agreements of the Commitment Parties to perform the services described herein) that (a) all information, other than the Projections (the "***Information***"), that has been or will be made available to any Commitment Party by or on behalf of you or any of your representatives is or will be, when furnished, complete and correct in all material respects, when taken as a whole, and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, when taken as a whole, not materially misleading in light of the circumstances under which such statements are made, and (b) the Projections that have been or will be made available to any Commitment Party by or on behalf of you or any of your representatives have been or will be prepared in good faith based upon accounting principles consistent with the audited historical financial statements of the Company and upon assumptions that are reasonable at the time made and at the time the related Projections are first made available to such Commitment Party (it being acknowledged that no representation is made that the Projections will actually be realized). You agree that if at any time prior to the closing of the Facilities, any of the representations in the preceding sentence would be incorrect if the Information and Projections were being furnished, and such representations were being made, at such time, then you will promptly supplement the Information and the Projections so that such representations will be correct under those circumstances. In arranging and syndicating the Facilities, we will be entitled to use and rely primarily on the Information and the Projections without responsibility for independent verification thereof.

5. Fees.

As consideration for CS's, Goldman's and JPMorgan Chase Bank's respective commitments hereunder and the agreements of the Commitment Parties to perform the services described herein, you agree to pay to Credit Suisse, Goldman and JPMorgan the fees set forth in the fee letter dated the date hereof and delivered herewith with respect to the Facilities (the "***Fee Letter***") in accordance with the terms set forth in the Fee Letter.

6. Conditions Precedent.

CS's, Goldman's and JPMorgan Chase Bank's respective commitments hereunder and the agreements of the Commitment Parties to perform the services described herein, are subject to (a) our not having discovered or otherwise having become aware of any information not previously disclosed to us that is inconsistent in a material and adverse manner with our understanding, based on the information provided to us prior to the date hereof, of (i) the business, assets, liabilities, operations, financial condition, operating results or Projections of the Company and its subsidiaries, taken as a whole, or (ii) the Transactions; (b) there not having occurred any event, change or condition since December 31, 2005 (it being understood that the commencement, continuation and prosecution of the Cases do not constitute such a change) that, individually or in the aggregate, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, operations, financial condition, operating results or Projections of the Company and its subsidiaries, taken as a whole; (c) our satisfaction that, until the completion of a successful syndication (as defined below), there shall be no other issues of debt securities or commercial bank or other credit facilities of the Company or its subsidiaries being announced, offered, placed or arranged other than project level financing to be agreed upon (the "***Clear Market***"); (d) the negotiation, execution and delivery of a credit agreement substantially in the form of Exhibit B annexed hereto (with such modifications as may be mutually agreed upon) and other definitive documentation with respect to the Facilities reasonably satisfactory to Credit Suisse, Goldman, JPMorgan and their respective counsel generally consistent with the documentation for the Existing DIP Facilities; (e) your compliance in all material respects with the terms of the Commitment Letter and your compliance in all respects with any other Commitment Papers; and (f) the other conditions set forth or referred to in the Term Sheet. For purposes hereof, a "***successful syndication***" shall be deemed to have occurred upon the earlier of (i) 30 days after the Closing Date and (ii) the Joint Lead Arrangers and their respective affiliates holding no more than $500,000,000 of the aggregate commitments under the Facilities (without affecting the foregoing definition, CS Securities, Goldman and JPMorgan shall agree among themselves that (x) the allocation thereof among them shall be ratable in accordance with their respective commitments hereunder and (y) any reduction of the commitments under the Facilities held by them pursuant to the syndication would ratably reduce their respective commitments hereunder).

7. Indemnification.

You agree (a) to indemnify and hold harmless each Commitment Party and its officers, directors, employees, agents, advisors, controlling persons, members and successors and assigns (each, an "***Indemnified Person***") from and against any and all actual losses, claims, damages, liabilities and reasonable out-of-pocket expenses (in each case excluding lost profits), joint or several, to which any such Indemnified Person may become subject arising out of or in connection with the Commitment Papers the Transactions, the Facilities or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any such Indemnified Person is a party thereto (and regardless of whether such matter is initiated by a third party or by the Company or any of its affiliates), and to reimburse within ten business (10) days after receipt of a summary statement with such supporting documentation as reasonably requested by the Borrower each such Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing; *provided* that the foregoing indemnity will not, as to any Indemnified Person, apply to (A) losses, claims, damages, liabilities or related expenses to the extent they are found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the bad faith, willful misconduct or gross negligence of such Indemnified Person or any of such Indemnified Person's affiliates or any of such Indemnified Person's (or such Indemnified Person's affiliates') officers, directors, employees, controlling persons or members, or (B) any settlement entered into by such Indemnified Person without your written consent, such consent not to be unreasonably withheld or delayed (*provided* that the foregoing indemnity will apply to any such settlement referred to in this clause (B) in the event

that you were offered the ability to assume the defense of the action that was the subject matter of such settlement and elected not to assume such defense), and (b) subject to Bankruptcy Court approval in the Cases (which you agree to use commercially reasonable efforts to try to obtain as part of the DIP Refinancing Order (as defined below)) to reimburse each Commitment Party from time to time, within ten business (10) days after presentation of a summary statement with such supporting documentation as reasonably requested by the Borrower, whether or not the Facilities are funded, for all reasonable out-of-pocket expenses (including but not limited to expenses of each Commitment Party's due diligence investigation, consultants' fees, syndication expenses, travel expenses and fees, disbursements and other charges of counsel (including, without limitation, the reasonable fees and expenses of Shearman & Sterling LLP, as initial counsel to CS)), in each case incurred in connection with the Facilities and the preparation, negotiation and enforcement of the Commitment Papers, the definitive documentation for the Facilities and any security arrangements in connection therewith. Notwithstanding any other provision of this Commitment Letter, no Indemnified Person shall be liable for any indirect, special, punitive or consequential damages in connection with its activities related to the Facilities.

You also agrees that neither any Indemnified Person nor any of such Indemnified Person's affiliates, partners, directors, employees, controlling persons or member shall have any liability to the Borrower or any person asserting claims on behalf of or in right of the Borrower or any other person in connection with or as a result of either this arrangement or any matter referred to in the Commitment Papers, except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Borrower or its affiliates, stockholders, partners or other equity holders have been found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Person or such affiliates, partners, directors, employees, controlling persons or members in performing the services that are the subject of the Commitment Papers.

8. Sharing Information; Absence of Fiduciary Relationship; Affiliate Activities.

You acknowledge that each Commitment Party may, independently, be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein or otherwise. We will not furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or our other relationships with you to other companies. You also acknowledge that we do not have any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by us from other companies.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and any Commitment Party is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether such Commitment Party has advised or is advising you on other matters, (b) each Commitment Party, on the one hand, and you, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of such Commitment Party, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that each Commitment Party is independently engaged in a broad range of transactions that may involve interests that differ from your interests and no Commitment Party has any obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship, and (e) you waive, to the fullest extent permitted by law, any claims you may have against any Commitment Party for breach of fiduciary duty or alleged breach of fiduciary duty and agree that no Commitment Party shall have any liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of you, including your stockholders, employees or creditors.

You further acknowledge that each Commitment Party is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, each Commitment Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own account and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of the Company and other companies with which the Company may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Commitment Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

9. Assignments; Amendments; Governing Law; Etc.

This Commitment Letter shall not be assignable by you without the prior written consent of each Commitment Party (and any attempted assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto (and Indemnified Persons) and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto (and Indemnified Persons). CS, Goldman and JPMorgan Chase Bank may each assign its respective commitment hereunder to one or more prospective Lenders, whereupon, if you have approved such assignee (such approval not to be unreasonably withheld or delayed), such party shall be released from the portion of its commitment hereunder so assigned. Any and all obligations of, and services to be provided by any Commitment Party hereunder (including, without limitation, the commitments) may be performed and any and all rights of a Commitment Party hereunder may be exercised by or through any of their respective affiliates or branches so long as no material adverse tax consequences result therefrom. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by each of Credit Suisse, Goldman, JPMorgan, Deutsche (only in the case where any such amendment, waiver or modification would adversely affect Deutsche) and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or electronic transmission of a pdf copy shall be effective as delivery of a manually executed counterpart hereof. Section headings used herein are for convenience of reference only, are not part of this Commitment Letter and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter. You acknowledge that information and documents relating to the Facilities may be transmitted through Syndtrak, Intralinks, the internet, e-mail, or similar electronic transmission systems, and that no Commitment Party shall be liable for any damages arising from the unauthorized use by others of information or documents transmitted in such manner. Subject to the Company's prior review and approval (not to be unreasonably withheld or delayed) each Commitment Party may place advertisements in financial and other newspapers and periodicals or on a home page or similar place for dissemination of information on the internet or worldwide web as it may choose, and circulate similar promotional materials, after the closing of the Facilities in the form of a "tombstone" or otherwise describing the names of the Company and its affiliates (or any of them), and the amount, type and closing date of the Facilities, all at such Commitment Party's expense. The Commitment Papers supersede all prior understandings, whether written or oral, between us with respect to the Facilities. **THIS COMMITMENT LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

10. Jurisdiction.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of the New York State courts and the Federal courts of the United

States of America (including the United States Bankruptcy Court for the Southern District of New York) sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Commitment Papers or the transactions contemplated hereby or thereby, and agrees that all claims in respect of any such action or proceeding shall be heard and determined only in such New York State courts or, to the extent permitted by law, in such Federal courts, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to the Commitment Papers or the transactions contemplated hereby or thereby in any New York State court or in any such Federal court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (d) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; provided that this clause (d) shall not be construed as a waiver by any party hereto of any appeal rights such party may have.

11. Waiver of Jury Trial.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THE COMMITMENT PAPERS OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

12. Confidentiality.

This Commitment Letter is delivered to you with the understanding that none of the Commitment Papers or any of their terms or substance, or the activities of any Commitment Party pursuant hereto, shall be disclosed, directly or indirectly, to any other person, without the prior written consent of the Commitment Parties, except (a) to your officers, directors, employees, attorneys, accountants and advisors on a confidential and need-to-know basis or (b) as required by applicable law, including the Bankruptcy Code, an order of a court or an administrative agency or compulsory legal process (in which case you agree to the extent not prohibited by applicable law or such process, to inform us promptly thereof). Additionally, any of the parties hereto may make disclosures of (i) this Commitment Letter and of the Fee Letter to the Bankruptcy Court for approval of this Commitment Letter, the Fee Letter and the Facilities, and (ii) this Commitment Letter and the Fee Letter to any official committee appointed in the Chapter 11 Cases pursuant to Section 1102 of the Bankruptcy Code and their respective legal and financial advisors; *provided* that (x) such party will notify the other parties hereto of any such disclosure prior to making such disclosure and (y) you take commercial reasonable actions to prevent the Fee Letter from becoming publicly available, including without limitation, the filing of a motion or an ex parte request pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 seeking an order of the Bankruptcy Court authorizing you to file the Fee Letter under seal. Notwithstanding anything herein to the contrary, if the Bankruptcy Court directs you to disclose to the Bankruptcy Court any other Commitment Papers, you may make such disclosure so long as (x) you notify the other parties hereto prior to making such disclosure and (y) you take commercially reasonable actions to prevent such Commitment Papers from becoming publicly available, including without limitation, the filing of a motion or an ex parte request pursuant to Sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018 seeking an order of the Bankruptcy Court authorizing you to file such Commitment Papers under seal.

Notwithstanding anything herein to the contrary, any party to this Commitment Letter (and any employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by the Commitment Papers and all materials of any kind (including opinions or other tax analyses) that are

provided to it relating to such tax treatment and tax structure, except that (i) tax treatment and tax structure shall not include the identity of any existing or future party (or any affiliate of such party) to the Commitment Papers, and (ii) no party shall disclose any information relating to such tax treatment and tax structure to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws. For this purpose, the tax treatment of the transactions contemplated by the Commitment Papers is the purported or claimed U.S. Federal income tax and state tax treatment of such transactions and the tax structure of such transactions is any fact that may be relevant to understanding the purported or claimed U.S. Federal income tax and state tax treatment of such transactions.

13. Surviving Provisions.

The compensation, reimbursement, indemnification, confidentiality, syndication, jurisdiction, governing law and waiver of jury trial provisions contained in the Commitment Papers shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments and agreements of the Commitment Parties to perform the services described herein; provided that your obligations under this Commitment Letter, other than those relating to confidentiality, to the syndication of the Facilities and to the Clear Market (which shall remain in full force and effect), shall, to the extent covered by the definitive documentation relating to the Facilities, automatically terminate and be superseded by the applicable provisions in such definitive documentation upon the Closing Date.

14. PATRIOT Act Notification.

Each Commitment Party hereby notifies you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "***PATRIOT Act***"), it and each Lender are required to obtain, verify and record information that identifies the Borrower, which information includes the name, address, tax identification number and other information regarding the Borrower that will allow it or such Lender to identify the Borrower in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to each Commitment Party and each Lender.

15. Acceptance and Termination.

CS's, Goldman's and JPMorgan Chase Bank's respective offers (and once binding, commitments) hereunder and the agreements of each of CS and each Joint Lead Arranger shall expire automatically and without further action or notice on the earliest of (a) unless you have delivered to the Joint Lead Arrangers an executed copy of the Commitment Papers by the close of business on the business day immediately following the day of the entry by the Bankruptcy Court of the DIP Refinancing Order (as defined below), midnight on the business day immediately following the day on which the Bankruptcy Court enters such DIP Refinancing Order; provided that if such DIP Refinancing Order shall be stayed by any court of competent jurisdiction prior to the close of business on the business day following the entry of such order, the expiration of such offers and commitments of the Commitment Parties under this clause (a) shall be at the close of business on the business day following the day the DIP Refinancing Order is no longer subject to such stay if you have not delivered an executed copy of the Commitment Papers prior to such time, (b) any dismissal of the Cases or the appointment in any of the Cases of a trustee or examiner with expanded powers (unless the Closing Date shall have already occurred), (c) 5:00 p.m. New York City time, on March 30, 2007 (unless the Closing Date shall have already occurred), (d) the expiration of the "exclusivity period" (as it may be extended) in any of the Cases (unless the Closing Date shall have already occurred), (e) the conversion of any of the Cases to a chapter 7 case (unless the Closing Date shall have already occurred) or (f) the date which is sixteen (16) days after the DIP Refinancing Order shall have been entered by the Bankruptcy Court (so long as such

DIP Refinancing Order shall be in full force and effect and shall not be stayed, reversed, amended or modified) if you have not advised CS, Goldman and JPMorgan in writing by such date that you wish to proceed to consummate the Facilities in accordance with Section 1(iii) of the Fee Letter (unless the Closing Date shall have already occurred) (each, a "***Commitment Expiration Date***"). This Commitment Letter constitutes an irrevocable offer by the Commitment Parties, subject to the conditions set forth herein (it being understood that this Commitment Letter will become a binding commitment on each Commitment Party only after it has been duly executed and delivered by you in accordance with the first sentence of this Section 15). In the event that the Commitment Expiration Date occurs, then this Commitment Letter and the commitments hereunder, and each Joint Lead Arranger's agreement to perform the services described here, shall automatically terminate without further action or notice and without further obligation to you unless each Commitment Party shall, in its discretion, agree to an extension. If prior to the execution of the definitive documentation for the Facilities the DIP Refinancing Order shall at any time cease to be in full force and effect or shall be reversed, or modified in a manner that is material and adverse to CS, Goldman or JPMorgan (as reasonably determined collectively by CS, Goldman and JPMorgan), CS, Goldman and JPMorgan Chase may, in their sole discretion, collectively terminate the commitments hereunder and terminate the agreements to perform the services described herein without further obligation hereunder. For purposes hereof, a "***DIP Refinancing Order***" shall mean an order entered by the Bankruptcy Court (i) authorizing the Company and its applicable subsidiaries to enter into, and perform under, the Facilities (including, without limitation, authorizing the execution and delivery of the definitive documentation for the Facilities, the refinancing of the Existing DIP Facilities and the repayment of the CalGen Prepetition Secured Obligations including any allowed Makewhole Claims related thereto to the extent such determination has been made by the Bankruptcy Court), (ii) granting the liens and claims contemplated hereby and authorizing the Company to pay to each Commitment Party the fees and expenses set forth in the Commitment Papers, (iii) otherwise authorizing the Company and each of its applicable subsidiaries to accept, incur and perform their respective obligations under or contemplated by the Commitment Papers, (iv) specifically providing that each Commitment Party's right to receive the fees as outlined in the Commitment Papers, and reimbursement of all reasonable costs and out-of-pocket expenses incurred in connection with the financing outlined herein and as set forth therein shall be entitled to priority as administrative expense claims under Section 503(b)(1) of the United States Bankruptcy Code, whether or not the Facilities are consummated (and upon consummation of the Facilities shall be entitled to such superpriority claim status and liens as shall apply to the obligations under the Facilities) and (v) otherwise in form and substance reasonably satisfactory to each of Credit Suisse, Goldman, JPMorgan and their respective counsel (it being understood that (i) whether the Makewhole Claims are permitted to be repaid under such order shall not affect the determination of whether such order is reasonably satisfactory to each of Credit Suisse, Goldman, JPMorgan and their respective counsel and (ii) and an order entered by the Bankruptcy Court that satisfies each of the criteria set forth in this sentence shall be deemed to have been consented to by the Commitment Parties).

[Signature Page Follows]

We are pleased to have been given the opportunity to assist you in connection with the financing.

Very truly yours,

CREDIT SUISSE SECURITIES (USA) LLC

By_____
Name: James S. Finch
Title: Managing Director

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By_____
Name: JAMES MORAN
Title: MANAGING DIRECTOR

By_____
Name:
Title: NUPUR KUMAR
ASSOCIATE

GOLDMAN SACHS CREDIT PARTNERS, L.P.

By _____
Name: Stephen P. Hickey
Title: Authorized Signatory

J.P. MORGAN SECURITIES INC.

By _____
Name: THOMAS M. CANNING
Title: MD

JPMORGAN CHASE BANK, N.A.

By _____
Name:
Title: THOMAS L. CASEY
VICE PRESIDENT

DEUTSCHE BANK SECURITIES INC.

By_____
Name: Thomas W. Cole
Title: Managing Director

By_____
Name: David J. Crescenzi
Title: Director

DEUTSCHE BANK TRUST COMPANY AMERICAS

By_____
Name: Calli S. Hayes
Title: Managing Director

By_____
Name: Marcus M. Tarkington
Title: Director

Accepted and agreed to as of
the date first above written:

CALPINE CORPORATION

By_____
Name:
Title:

INDICATIVE AND FOR DISCUSSION PURPOSES ONLY
CONFIDENTIAL
EXHIBIT A

CALPINE CORPORATION

Summary of Terms and Conditions
$5,000,000,000 Senior Secured Credit Facilities

Borrower:	Calpine Corporation, as a debtor-in-possession in the jointly administered Chapter 11 cases having the caption "In re Calpine Corporation et al." (the "***Bankruptcy Cases***") that currently are pending under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***"), and reorganized Calpine Corporation, as the context may require (the "***Borrower***").
Guarantors:	All obligations of the Borrower under the Facilities (as defined below) will be irrevocably and unconditionally guaranteed by (i) prior to the Conversion Date (as defined below), each of Calpine's direct and indirect subsidiaries that presently are debtors in the Bankruptcy Cases and guarantors (subject to certain exclusions reasonably acceptable to the Administrative Agent, the "***Existing DIP Guarantors***") under the $2,000,000,000 Amended and Restated Revolving Credit, Term Loan and Guarantee Agreement dated as of February 23, 2006 (the credit facilities under such agreement (as amended) being the "***Existing DIP Facilities***") and (ii) after the Conversion Date, the Existing DIP Guarantors, subject to additions and exceptions to be agreed upon. The foregoing entities, together with any of Calpine's direct or indirect subsidiaries whose secured debt is refinanced pursuant to the Additional Term Loans (as defined below), are collectively referred to as the "***Guarantors***," and together with the Borrower, the "***Loan Parties***."
Agent:	Credit Suisse, acting through one or more of its branches or affiliates ("***CS***"), will act as sole administrative agent and collateral agent (collectively, in such capacities, the "***Agent***") for a syndicate of banks, financial institutions and other institutional lenders (together with CS, Goldman, JPMorgan Chase Bank and DBTCA (each as defined in the Commitment Letter to which this Summary of Terms and Conditions is attached, the "***Commitment Letter***"), the "***Lenders***"), and will perform the duties customarily associated with such roles.

Joint Bookrunners and Joint Lead Arrangers:		Credit Suisse Securities (USA) LLC, Goldman Sachs Credit Partners L.P., J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. will act as joint bookrunners and joint lead arrangers for the Facilities (collectively, in such capacities, the "***Joint Lead Arrangers***"), and will perform the duties customarily associated with such roles.
Issuing Banks:		Credit Suisse and/or such other Lenders acceptable to the Borrower and Credit Suisse.
Facilities:		$5,000,000,000 in the aggregate allocated as follows:
	(A)	A Secured First Priority Term Loan Facility in an aggregate principal amount equal to $4,000,000,000 (the "***Term Facility***").
	(B)	A Secured First Priority Revolving Credit Facility in an aggregate principal amount equal to $1,000,000,000 (the "***Revolving Facility***" and, together with the Term Facility, the "***Facilities***"), including a swingline subfacility of up to $10,000,000 and a letter of credit subfacility (the letters of credit issued thereunder, the "***Letters of Credit***") of up to $550,000,000.
Availability:	(A)	Loans under the Term Facility will be available pursuant to a single borrowing on the Closing Date (as defined below).
	(B)	Loans and Letters of Credit under the Revolving Facility will be available beginning on the Closing Date on the same general terms and conditions as the Existing DIP Facilities.
Purpose:	(A)	The proceeds of the Term Facility shall be used (a) to refinance the Existing DIP Facilities, (b) to repay and redeem the Calpine Generating Company, LLC Secured Revolver, Term Loans, FRNs and Notes (collectively, the "***CalGen Prepetition Secured Obligations***"), (c) to refinance subsidiary secured debt. secured lease obligations and existing preferred securities issued by Metcalf, CCFC, Gilroy, Auburndale and by such other entities to be agreed upon, subject to certain limitations, and (d) for working capital and other general corporate purposes of the Loan Parties and, to the extent permitted by the documentation for the Facilities, their subsidiaries.
	(B)	The proceeds of the Revolving Facility shall be used for working capital and other general corporate purposes of the Loan Parties and, to the extent permitted by the documentation for the Facilities, their

subsidiaries.

(C) The Revolving Facility may also be used, at the Borrower's election, to satisfy (a) any Makewhole Claims and (b) prepetition claims under a confirmed plan of reorganization of the Loan Parties (the "***Plan***").

Closing Date: The date upon which all Conditions Precedent to Initial Extension of Credit have been satisfied or waived (the "***Closing Date***").

Final Maturity: The Facilities will mature on the earlier of (i) the effective date of the Plan (the "***Effective Date***") and (ii) the second anniversary of the Closing Date; provided, however, that if the Conversion Date occurs on or before the second anniversary of the Closing Date, the Facilities will mature on the seventh anniversary of the Closing Date (such applicable date, the "***Final Maturity Date***").

Accordingly, subject to the timely satisfaction of the Exit Conditions (as defined below), Calpine has the option to convert the Facilities from debtor-in-possession financing to exit financing with a maturity date of the seventh anniversary of the Closing Date.

Exit Conditions[1]: The "***Conversion Date***" shall be the date on which all of the following conditions (the "***Exit Conditions***") are satisfied: (a) the occurrence of the Effective Date; (b) the Borrower shall have obtained corporate credit ratings from Standard & Poor's Ratings Service ("***S&P***") and from Moody's Investors Service, Inc. ("***Moody's***"); (c) the Facilities shall be rated by S&P and Moody's; (d) the Agent shall have received projections in respect of the Borrower and its subsidiaries for the five-year period beginning the Effective Date, and such projections shall reflect *pro forma* compliance with the financial covenants throughout such five-year period; (e) the sum of cash, cash equivalents and unused availability under committed credit facilities (including the Facilities) immediately after giving effect to the Conversion Date shall not be less than $250 million; (f) the Agent shall have received a *pro forma* consolidated balance sheet as of the projected exit date, giving effect to the occurrence of the Effective Date; (g) all representations

[1] In terms of definitive documentation for the Facilities it is contemplated that the parties will enter into a DIP Credit Agreement on or prior to the Closing Date and that upon the Conversion Date, the provisions of the DIP Credit Agreement will cease to apply and the Facilities shall be governed by an Exit Credit Agreement, the form of which shall be attached as an exhibit to the DIP Credit Agreement.

and warranties are true and correct in all material respects as of the Effective Date (other than those which relate to an earlier date in which case they shall be true and correct in all material respects as of such date) (it being understood that any representation or warranty that is qualified as to materiality or material adverse effect shall be correct in all respects); (h) compliance with all financial covenants on a *pro forma* basis after giving effect to the occurrence of the Effective Date; and (i) no event of default or default exists or would exist after giving effect to the occurrence of the Effective Date, *provided* that defaults or events of default may exist under the Facilities if such defaults or events of default (x) shall have occurred and be continuing as a result of a default under material indebtedness which causes a default to occur under the Facilities, (y) arise in connection with the consummation of a Plan or (z) consist of defaults or events of default meeting criteria to be agreed upon or the adverse consequences of which would be rendered moot or otherwise negated by the effectiveness of the provisions of the Facilities after the Effective Date.

Amortization:

(A) The Term Facility will amortize at 1% per year, payable in equal quarterly installments, with the balance to be paid on the Final Maturity Date.

(B) The Revolving Facility will mature and the commitments thereunder will terminate on the Final Maturity Date, with all outstanding amounts thereunder payable on such date.

Interest Rates and Fees:

As set forth on Annex I hereto.

Default Rate:

The applicable interest rate plus 2.0% per annum.

Letters of Credit:

Each Letter of Credit shall expire not later than the earlier of (a) 12 months after its date of issuance and (b) the fifth business day prior to the Final Maturity Date; *provided* that any Letter of Credit may provide for renewal thereof for additional periods of up to 12 months (which in no event shall extend beyond the date referred to in clause (b) above).

Drawings under any Letter of Credit shall be reimbursed by the Borrower on the same business day (or next business day for drawings after noon, New York City time). To the extent that the Borrower does not reimburse the Issuing Bank on the same business day, the Lenders under the Revolving Facility shall be irrevocably obligated to reimburse the Issuing Bank pro rata based upon their respective Revolving Facility

commitments.

The issuance of all letters of credit shall be subject to the customary procedures of the Issuing Bank.

Ability to Secure Hedging Obligations: The Loan Parties shall be permitted to grant first priority liens in the Collateral to secure obligations under "right way risk" transactions and/or commodity or interest rate hedging contracts, in each case, with any Joint Lead Arranger, the Agent, any Lender or any affiliates thereof or any other person meeting reasonable criteria to be agreed upon entered into after the Closing Date in the ordinary course of business for non-speculative purposes (the "***Hedging Obligations***"). Such liens will rank *pari passu* with the first priority liens granted to secure the obligations under the Facilities.

Ability to Satisfy Make-Whole Claims: The Loan Parties shall be permitted to satisfy any Makewhole Claims at any time, subject to covenant compliance. As described above, the proceeds of the Revolving Facility may be used to satisfy any such claims. Pending resolution of the Makewhole Claims asserted by holders of the CalGen Prepetition Secured Obligations, the existing liens on the property of the CalGen debtors securing such claims shall be senior to the liens on the property of the CalGen debtors granted to secure the obligations under the Facilities, as described below.

Priority and Liens Prior to Conversion Date:

(A) All obligations in respect of the Facilities shall be entitled to super-priority administrative expense claim status against each Loan Party.

(B) All obligations under the Facilities shall be secured by (i) the same liens granted under the Existing DIP Facilities, (ii) first priority liens on all property presently securing the CalGen Prepetition Secured Obligations, and (iii) in the event the proceeds of the Term Facility or of a borrowing under the Additional Term Loans (as defined below) are used to refinance in full secured debt of any subsidiary of the Borrower, first priority liens on all property previously securing the applicable subsidiary's refinanced debt, subject in each case to the carve-out and certain exceptions to be agreed upon.

Notwithstanding the foregoing, (i) all liens described above shall be *pari passu* with post-petition Hedging Obligations, and (ii) to the extent that the holders of CalGen Prepetition Secured Obligations retain a security interest in the property of the CalGen debtors to secure disputed claims (e.g., CalGen Makewhole

Claims), the liens described above granted on the property of the CalGen debtors to secure the Facilities shall be subject to such security interest (the "***CalGen Make-Whole Liens***"), pending allowance, disallowance and/or payment of any such claims.

Liens From and After Conversion Date:

All obligations under the Facilities shall be secured by first priority liens on all of the property of the Loan Parties, whether owned as of the Conversion Date or thereafter acquired (subject to customary and limited exceptions to be agreed upon) (including without limitation, all of the capital stock owned by the Loan Parties in their respective direct subsidiaries (limited, in the case of foreign subsidiaries, to 65% of the capital stock of first tier foreign subsidiaries to the extent a pledge of a greater percentage could reasonably be expected to result in adverse tax consequences)), shall be *pari passu* only with the Hedging Obligations, and shall be junior only to the CalGen Make-Whole Liens pending allowance, disallowance and/or payment of the corresponding Makewhole Claims.

The term "***Collateral***" means the property securing the obligations under the Facilities at any time.

Incremental Term Facility:

The Borrower shall be entitled on one or more occasions and subject to satisfaction of customary conditions to incur additional term loans (the "***Additional Term Loans***") under the Term Facility, or under a new term loan facility to be included in the Facilities in an aggregate principal amount of up to $2,000,000,000 and to have the same guarantees as, and be secured on a *pari passu* basis by the same collateral securing the Facilities; *provided* that (a) the proceeds of such Additional Term Loans are applied to repay secured debt, secured lease obligations or preferred securities of project level subsidiaries, so long as the assets of such subsidiary (to the extent such liens on assets of such subsidiary are not prohibited by existing contractual restrictions), and the equity interests in such subsidiary and each intermediate holding company between such subsidiary and the Borrower (to the extent such liens with respect to such intermediate holding company are not prohibited by existing contractual restrictions), are, upon such repayment, included as Collateral for the Facilities, except to the extent to be agreed upon; it being understood that to the extent that any such Liens on such assets are prohibited by existing contractual restrictions, the Borrower shall not permit any additional consensual Liens on such assets; (b) no event of default or default exists or would exist after giving effect thereto; (c) all financial covenants would

be satisfied on a *pro forma* basis on the date of incurrence and for the most recent determination period, after giving effect to any such Additional Term Loans and other customary and appropriate *pro forma* adjustment events, including any acquisitions or dispositions after the beginning of the relevant determination period but prior to or simultaneous with the borrowing of such Additional Term Loans; (d) all fees and expenses owing in respect of such increase to the Agent and the Lenders providing such Additional Term Loans shall have been paid; (e) the Applicable Margin with respect to such Incremental Facility shall not be higher than the then-Applicable Margin for the Term Facility plus 0.50%, *provided, however,* if the Applicable Margin with respect to such Incremental Facility would be higher than the then-Applicable Margin for the Term Facility plus 0.50%, then the Additional Term Loans shall be subject to a "most favored nation" pricing provision that ensures that the initial yield on the Additional Term Loans does not exceed the Applicable Margin on the Term Facility; (f) if such Additional Term Loans are incurred (i) prior to the Conversion Date, S&P and Moody's shall have reaffirmed (with no negative outlook) the Facilities ratings, after taking into account the incurrence of such Additional Term Loans and (ii) from and after the Conversion Date, S&P and Moody's shall have reaffirmed (with no negative outlook) the Borrower's corporate and the Facilities credit ratings after taking into account the incurrence of such Additional Term Loans; *provided, however,* in each case, no such rating affirmation will be required unless such Additional Term Loans exceed $500,000,000, or each increment of $500,000,000, of Additional Term Loans incurred under this clause (f) and (g) the other terms (except amortization or maturity) and documentation in the respect thereof, to the extent not consistent with the Facilities, shall otherwise be reasonably satisfactory to the Agent; *provided* that clauses (e) and (f) shall not be applicable to Additional Term Loans incurred to repay secured debt, secured lease obligations or preferred securities of certain subsidiaries to be agreed upon. The Borrower may seek commitments in respect of Additional Term Loans from existing Lenders (each of which shall be entitled to agree or decline to participate in its sole discretion) and additional banks, financial institutions and other institutional lenders who will become Lenders in connection therewith.

Ability to Refinance/Restructure Second Lien Corporate Debt:

The Facilities will allow the Borrower, subject to the Exit Conditions described herein, flexibility in structuring a Plan, and to issue senior subordinated debt

	or equity either (a) to raise cash to satisfy second lien corporate bondholders or (b) to directly satisfy second lien corporate bondholders, as recovery consideration under the Plan.
Mandatory Prepayments Prior to Conversion Date:	Consistent with Existing DIP Facilities.
Mandatory Prepayments From and After Conversion Date:	Loans under the Facilities shall be prepaid with (a) a percentage of Excess Cash Flow (to be defined) to be agreed upon, which percentage shall be reduced at any time after the senior leverage ratio (to be defined) of the Borrower and its Subsidiaries is less than a level to be agreed upon, (b) 100% of the net cash proceeds of all asset sales or other dispositions of property of the Loan Parties (subject to exceptions and reinvestment provisions to be agreed upon), (c) 100% of the net cash proceeds of issuances, offerings or placements of debt obligations of the Loan Parties (subject to exceptions to be agreed upon), (d) 50% of the net cash proceeds of issuances of equity securities of the Loan Parties, and (e) 100% of tax refunds and pension plan reversions.
Voluntary Prepayments and Reductions in Commitments:	Voluntary reductions of the unutilized portion of the commitments under the Facilities and prepayments of the Facilities will be permitted at any time, in minimum principal amounts to be agreed upon, without premium or penalty. All voluntary prepayments will be applied pro rata to the remaining amortization payments under the Term Facility, provided that, at the Borrower's option, any such prepayment of the Term Facility may be applied to the first 24 months of scheduled amortization payments of the Term Facility following the applicable payment date in direct order of maturity and then to ratably reduce all remaining installments thereof. Notwithstanding the foregoing, all voluntary prepayments shall be subject to reimbursement of the Lenders' redeployments costs in the case of a prepayment of LIBOR borrowings other than on the last day of the relevant interest period.
Permitted Asset Sales:	The Loan Parties may sell any assets, subject to compliance with the Mandatory Prepayments provisions.

Representations and Warranties:	Prior to the Conversion Date, generally consistent with Existing DIP Facilities and will reflect the additional collateral and other terms set forth herein. From and after the Conversion Date, usual and customary representations and warranties for a financing of this type with an issuer in the industry having a similar credit rating.
Affirmative and Negative Covenants:	Prior to the Conversion Date, generally consistent with Existing DIP Facilities and such other modifications as may be agreed upon (including removal of Geysers-specific obligations) and will reflect the additional collateral and other terms set forth herein. From and after the Conversion Date, usual and customary affirmative and negative covenants for a financing of this type with an issuer in the industry having a similar credit rating, subject to permissions to be agreed upon.
Financial Covenants:	Prior to the Conversion Date, generally consistent with Existing DIP Facilities and such other modifications as may be agreed upon (including removal of Geysers-specific financial covenants) and will reflect the additional collateral and other terms set forth herein. From and after the Conversion Date, usual and customary financial covenants for a financing of this type with an issuer in the industry having a similar credit rating, and to include (a) minimum interest coverage ratios; (b) maximum ratios of Facilities Debt to EBITDA; and (c) maximum ratios of Total Net Debt to EBITDA, in each case, with financial definitions, levels and test periods to be agreed upon.
Conditions Precedent to Initial Extension of Credit:	Consistent with Existing DIP Facilities and will reflect the additional collateral and the other terms set forth herein, including: (a) Facilities rated by Moody's and S&P; and (b) the Bankruptcy Court shall have entered the DIP Refinancing Order (which shall not be stayed by the Bankruptcy Court or other court of competent jurisdiction), it being understood that absence of the filing or pendency of an appeal regarding the DIP Refinancing Order shall not be a condition precedent to the initial extension of credit under the Facilities.
Conditions Precedent to All Extensions of Credit:	Prior to the Conversion Date, generally consistent with Existing DIP Facilities, to be modified to reflect the

	additional collateral and other terms set forth herein. From and after the Conversion Date, usual and customary conditions precedent.
Events of Default:	Prior to the Conversion Date, generally consistent with Existing DIP Facilities, and will reflect the additional collateral and other terms set forth herein. From and after the Conversion Date, usual and customary events of default for a financing of this type with an issuer in the industry having a similar credit rating.
Voting and Assignments and Participations:	Consistent with Existing DIP Facilities, to be modified to reflect the terms set forth herein.
Cost and Yield Protection:	Consistent with Existing DIP Facilities, to be modified to reflect the terms set forth herein.
Expenses and Indemnification:	The Borrower will indemnify the Joint Lead Arrangers, the Agent, the Lenders, the Issuing Bank, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons and members of each of the foregoing (each an "***Indemnified Person***") and hold them harmless from and against any and all actual losses, claims, damages, liabilities and reasonable out-of-pocket expenses (in each case excluding lost profits), joint or several, of such Indemnified Person arising out of or relating to any claim or any litigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by the Borrower or any of its affiliates) that relates to the financing contemplated hereby, or any transactions in connection therewith, *provided* that no Indemnified Person will be indemnified for (A) any cost, expense or liability to the extent determined in the final, non-appealable judgment of a court of competent jurisdiction to have resulted from its bad faith, gross negligence or willful misconduct or the bad faith, gross negligence or willful misconduct of any of such Indemnified Person's affiliates or any of such Indemnified Person's (or such Indemnified Person's affiliates') officers, directors, employees, controlling persons or members, or (B) any settlement entered into by such Indemnified Person without the Borrower's written consent, such consent not be unreasonably withheld or delayed (*provided* that the foregoing indemnity will apply to any such settlement referred to in this clause (B) in the event that the Borrower was offered the ability to assume the defense of the action

	that was the subject matter of such settlement and elected not to assume such defense). In addition, all documented out-of-pocket expenses (including, without limitation, fees, disbursements and other charges of counsel) of the Joint Lead Arrangers, the Agent, the Issuing Bank, and the Lenders for enforcement costs and documentary taxes associated with the Facilities will be paid by the Borrower.
Governing Law and Forum:	New York.
Counsel to Agent and Joint Lead Arrangers:	Simpson Thacher & Bartlett LLP.

Interest Rates Prior to Conversion Date:

At the option of the Borrower, Adjusted LIBOR plus the Applicable Margin or ABR plus the Applicable Margin.

The Applicable Margin with respect to Adjusted LIBOR loans shall be determined by reference to the Facilities' ratings by S&P and Moody's (or, in the event of a split rating, such rating by Moody's) on the Closing Date, as follows:

S&P/Moody's Facilities Ratings	Applicable Margin
BB-/Ba3 (with stable outlook)	2.00%
B+/B1 (with stable outlook)	2.25%
B/B2 (with stable outlook)	2.75%
B-/B3 or lower	3.50%

The Applicable Margin with respect to ABR loans shall be 1.00% per annum lower than the corresponding Applicable Margin for Adjusted LIBOR loans.

Interest Rates From and After Conversion Date:

At the option of the Borrower, Adjusted LIBOR plus the Applicable Margin or ABR plus the Applicable Margin.

The Applicable Margin with respect to Adjusted LIBOR loans shall be determined by reference to the Borrower's corporate credit ratings by S&P and Moody's (or, in the event of a split rating, such rating by Moody's) on the Conversion Date, as follows:

S&P/Moody's Corporate Ratings	Applicable Margin
BB-/Ba3 (with stable outlook)	2.00%
B+/B1 (with stable outlook)	2.25%
B/B2 (with stable outlook)	2.75%
B-/B3 or lower	3.50%

The Applicable Margin with respect to ABR loans shall be 1.00% per annum lower than the corresponding Applicable Margin for Adjusted LIBOR loans. After the Conversion Date, the Applicable Margin with respect to the Revolving Facility shall be determined pursuant to a pricing grid to be agreed upon.

Interest:

The Borrower may elect interest periods of 1, 2, 3 or 6 months (if agreed to by all Lenders under the applicable Facility, 9 or 12 months) for Adjusted LIBOR borrowings. Interest periods in effect at the Conversion Date will continue under the Facilities after the Conversion Date.

Calculation of interest shall be on the basis of the actual days elapsed in a year of 360 days (or 365 or 366 days, as the case may be, in the case of ABR loans based on the Prime Rate) and interest shall be payable at the end of each interest period and, in any event, at least every three months.

ABR is the Alternate Base Rate, which is the higher of (i) CS's Prime Rate and (ii) the Federal Funds Effective Rate plus 1/2 of 1.0%.

Adjusted LIBOR will at all times include statutory reserves.

Letter of Credit Fee: A per annum fee equal to the interest rate margin applicable to Adjusted LIBOR loans under the Revolving Facility will accrue on the aggregate face amount of outstanding Letters of Credit, payable quarterly in arrears and upon the termination of the Revolving Facility.

In addition, the Borrower shall pay to the Issuing Bank, for its own account, (a) a fronting fee equal to 0.25% per annum (or such lesser percentage per annum to be agreed upon with the applicable Issuing Bank) of the aggregate face amount of outstanding Letters of Credit, payable quarterly in arrears and on the termination of the Revolving Facility, and (b) customary issuance and administration fees.

Commitment Fee: Revolving Facility: 0.50% per annum. The commitment fee shall be calculated on the unused commitments under the Revolving Facility and shall be payable quarterly in arrears and on termination of the Revolving Facility.

EXHIBIT G

CalGen Secured Debt Summary

Issuance	Alleged No-Call Clause	Alleged Makewhole Clause	Acceleration Clause
• $200,000,000 First Priority Secured Revolving Loans Amended and Restated Credit Agreement	• None	• None	• Section 7.2 Acceleration: "In the case of an Event of Default [due to bankruptcy] . . . the outstanding Revolving Loans and Reimbursement Obligations shall become ***due and payable immediately*** without further action or notice.
• $235,000,000 First Priority Secured Floating Rate Notes Due 2009 First Priority Indenture	• Section 3.07 *Optional Redemption*: "The Issuers may not redeem all or any part of the Notes ***prior to April 1, 2007***."	• Section 3.07 *Optional Redemption*: "***On or after April 1, 2007***, the Issuers may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest . . . ." • If repayment occurs in 2007, the redemption price is 102.5%.	• Section 6.02 *Acceleration*: "In the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice."
• $600,000,000 First Priority Secured Institutional Term Loans Due 2009 Credit And Guarantee Agreement	• Section 2.10 *Voluntary Prepayments*: "The First Priority Term Loans may not be voluntarily prepaid at any time ***on or prior to April 1, 2007***."	• Section 2.10 *Voluntary Prepayments:* "The Borrower may . . . [prepay] the First Priority Term Loans, if such prepayment is ***after April 1, 2007*** but on or before April 1, 2008, in an amount equal to 102.5% of the principal so prepaid . . . ."	• Section 7.02 *Acceleration*: "In the case of any Event of Default [due to bankruptcy] . . . the outstanding First Priority Term Loans shall become ***due and payable immediately*** without further action or notice."

Issuance	Alleged No-Call Clause	Alleged Makewhole Clause	Acceleration Clause
• $640,000,000 Second Priority Secured Floating Rate Notes Due 2010 Second Priority Indenture	• Section 3.07 *Optional Redemption*: "The Issuers may not redeem all or any part of the Notes ***prior to April 1, 2008***."	• Section 3.07 *Optional Redemption*: "***On or after April 1, 2008***, the Issuers may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days prior notice, at the redemption prices (expressed at percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest . . . ." • If repayment occurs in 2008, the redemption price is 103.5%.	• Section 6.02 *Acceleration*: "In the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice."
• $100,000,000 Second Priority Secured Institutional Term Loans Due 2010 Credit And Guarantee Agreement	• Section 2.10 *Voluntary Prepayments*: "The Second Priority Term Loans may not be voluntarily prepaid at any time ***on or prior to April 1, 2008***."	• Section 2.10 *Voluntary Prepayments:* "The Borrower may . . . [prepay] the Second Priority Term Loans, if such prepayment is ***after April 1, 2008*** but on or before April 1, 2009, in an amount equal to 103.5% of the principal so prepaid . . . ."	• Section 7.02 *Acceleration*: "In the case of any Event of Default [due to bankruptcy] . . . the outstanding Second Priority Term Loans shall become ***due and payable immediately*** without further action or notice."

Issuance	Alleged No-Call Clause	Alleged Makewhole Clause	Acceleration Clause
• $680,000,00 Third Priority Secured Floating Rate Notes Due 2011 Third Priority Indenture	• Section 3.07 *Optional Redemption*: "***The Notes are not redeemable at the option of the Issuers***."	• None	• Section 6.02 *Acceleration*: "In the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice."
• $150,000,000 11½% Third Priority Secured Notes Due 2011 Third Priority Indenture	• Section 3.07 *Optional Redemption*: "***The Notes are not redeemable at the option of the Issuers***."	• None	• Section 6.02 *Acceleration*: "In the case of an Event of Default [due to bankruptcy] . . . all outstanding Notes will become ***due and payable immediately*** without further action or notice."

EXHIBIT H

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
2664	The Bank of Nova Scotia as Agent	Calpine Generating Company, LLC	CalGen First Lien Revolving Loans	Primary Obligor	$0.00		$0.00		$0.00
2626	The Bank of Nova Scotia as Agent	Calpine Corpus Christi Energy LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2627	The Bank of Nova Scotia as Agent	Corpus Christi Cogeneration, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2628	The Bank of Nova Scotia as Agent	Calpine Oneta Power, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2629	The Bank of Nova Scotia as Agent	Baytown Energy Center, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2630	The Bank of Nova Scotia as Agent	Baytown Power, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2631	The Bank of Nova Scotia as Agent	Channel Energy Center, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2632	The Bank of Nova Scotia as Agent	Calpine Power Equipment, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2633	The Bank of Nova Scotia as Agent	Channel Power LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2634	The Bank of Nova Scotia as Agent	Calpine Freestone Energy, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2635	The Bank of Nova Scotia as Agent	Freestone Power Generation, LP	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2636	The Bank of Nova Scotia as Agent	Calpine Pastoria Holdings, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2637	The Bank of Nova Scotia as Agent	Pastoria Energy Facility, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2638	The Bank of Nova Scotia as Agent	CalGen Project Equipment Finance Company Two, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2639	The Bank of Nova Scotia as Agent	Columbia Energy LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2640	The Bank of Nova Scotia as Agent	Delta Energy Center, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2641	The Bank of Nova Scotia as Agent	Baytown Power GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2642	The Bank of Nova Scotia as Agent	Calpine Baytown Energy Center GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2643	The Bank of Nova Scotia as Agent	Calpine Baytown Energy Center LP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2644	The Bank of Nova Scotia as Agent	Calpine Oneta Power II, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2645	The Bank of Nova Scotia as Agent	Decatur Energy Center, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2646	The Bank of Nova Scotia as Agent	Calpine Oneta Power I, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2647	The Bank of Nova Scotia as Agent	Carville Energy LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2648	The Bank of Nova Scotia as Agent	Morgan Energy Center, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2649	The Bank of Nova Scotia as Agent	Los Medanos Energy Center, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2650	The Bank of Nova Scotia as Agent	Zion Energy LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2651	The Bank of Nova Scotia as Agent	Calpine Corpus Christi Energy GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2652	The Bank of Nova Scotia as Agent	Calpine Northbrook Southcoast Investors, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2653	The Bank of Nova Scotia as Agent	Nueces Bay Energy, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2654	The Bank of Nova Scotia as Agent	CalGen Equipment Finance Company, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2655	The Bank of Nova Scotia as Agent	CalGen Project Equipment Finance Company Three, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2656	The Bank of Nova Scotia as Agent	CalGen Project Equipment Finance Company One, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2657	The Bank of Nova Scotia as Agent	CalGen Equipment Finance Holdings, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2658	The Bank of Nova Scotia as Agent	Channel Power GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2659	The Bank of Nova Scotia as Agent	Calpine Channel Energy Center GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2660	The Bank of Nova Scotia as Agent	Calpine Channel Energy Center LP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2661	The Bank of Nova Scotia as Agent	Calpine Freestone Energy GP, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2662	The Bank of Nova Scotia as Agent	Calpine Freestone, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2663	The Bank of Nova Scotia as Agent	CPN Freestone, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
2665	The Bank of Nova Scotia as Agent	CalGen Expansion Company, LLC	CalGen First Lien Revolving Loans	Guarantor	$0.00		$0.00		$0.00
3396	Wilmington Trust FSB as Indenture Trustee	Calpine Generating Company, LLC	CalGen First Lien Notes	Primary Obligor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3275	Wilmington Trust FSB as Indenture Trustee	Calpine Oneta Power II, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
3393	Wilmington Trust FSB as Indenture Trustee	Freestone Power Generation, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3394	Wilmington Trust FSB as Indenture Trustee	Calpine Northbrook Southcoast Investors, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3395	Wilmington Trust FSB as Indenture Trustee	Delta Energy Center, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3397	Wilmington Trust FSB as Indenture Trustee	Decatur Energy Center, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3398	Wilmington Trust FSB as Indenture Trustee	Calpine Freestone, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3399	Wilmington Trust FSB as Indenture Trustee	CPN Freestone, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3400	Wilmington Trust FSB as Indenture Trustee	Calpine Freestone Energy, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3401	Wilmington Trust FSB as Indenture Trustee	Corpus Christi Cogeneration, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3402	Wilmington Trust FSB as Indenture Trustee	Calpine Freestone Energy GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3403	Wilmington Trust FSB as Indenture Trustee	Columbia Energy LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3404	Wilmington Trust FSB as Indenture Trustee	Calpine Corpus Christi Energy LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3405	Wilmington Trust FSB as Indenture Trustee	Calpine Corpus Christi Energy GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3406	Wilmington Trust FSB as Indenture Trustee	Channel Power LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3407	Wilmington Trust FSB as Indenture Trustee	Calpine Channel Energy Center LP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3408	Wilmington Trust FSB as Indenture Trustee	Channel Power GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3409	Wilmington Trust FSB as Indenture Trustee	Calpine Channel Energy Center GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3410	Wilmington Trust FSB as Indenture Trustee	Calpine CalGen Holdings, Inc.	CalGen First Lien Notes	Pledgor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3411	Wilmington Trust FSB as Indenture Trustee	Channel Energy Center, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3412	Wilmington Trust FSB as Indenture Trustee	Calpine Baytown Energy Center LP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3413	Wilmington Trust FSB as Indenture Trustee	Carville Energy LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3414	Wilmington Trust FSB as Indenture Trustee	Calpine Baytown Energy Center GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3415	Wilmington Trust FSB as Indenture Trustee	CalGen Project Equipment Finance Company Two, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3416	Wilmington Trust FSB as Indenture Trustee	Calpine Power Equipment, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3417	Wilmington Trust FSB as Indenture Trustee	CalGen Project Equipment Finance Company Three, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3418	Wilmington Trust FSB as Indenture Trustee	CalGen Project Equipment Finance Company One, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3419	Wilmington Trust FSB as Indenture Trustee	CalGen Finance Corp.	CalGen First Lien Notes	Primary Obligor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3420	Wilmington Trust FSB as Indenture Trustee	CalGen Expansion Company, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3421	Wilmington Trust FSB as Indenture Trustee	CalGen Equipment Finance Holdings, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3546	Wilmington Trust FSB as Indenture Trustee	Zion Energy LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3547	Wilmington Trust FSB as Indenture Trustee	Pastoria Energy Facility, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3548	Wilmington Trust FSB as Indenture Trustee	Nueces Bay Energy, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3549	Wilmington Trust FSB as Indenture Trustee	Morgan Energy Center, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3550	Wilmington Trust FSB as Indenture Trustee	Los Medanos Energy Center, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3551	Wilmington Trust FSB as Indenture Trustee	Calpine Oneta Power I, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3552	Wilmington Trust FSB as Indenture Trustee	Baytown Power, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3553	Wilmington Trust FSB as Indenture Trustee	Baytown Power GP, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3554	Wilmington Trust FSB as Indenture Trustee	Baytown Energy Center, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3586	Wilmington Trust FSB as Indenture Trustee	Calpine Pastoria Holdings, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3587	Wilmington Trust FSB as Indenture Trustee	Calpine Oneta Power, LP	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3588	Wilmington Trust FSB as Indenture Trustee	CalGen Equipment Finance Company, LLC	CalGen First Lien Notes	Guarantor	$235,000,000.00		$5,332,150.00	A	$240,332,150.00
3731	HSBC Bank USA National Association	Calpine Generating Company, LLC	CalGen Second Lien Notes	Primary Obligor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Finance Corp.	CalGen Second Lien Notes	Primary Obligor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
3731	HSBC Bank USA National Association	Calpine CalGen Holdings, Inc.	CalGen Second Lien Notes	Pledgor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Expansion Company, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CPN Freestone, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Freestone, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Freestone Power Generation, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Freestone Energy GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Freestone Energy, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Power Equipment, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Channel Energy Center LP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Channel Energy Center GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Channel Power GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Channel Power LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Channel Energy Center, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Equipment Finance Holdings, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Project Equipment Finance Company One, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Project Equipment Finance Company Three, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Equipment Finance Company, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Northbrook Southcoast Investors, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Corpus Christi Energy GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Corpus Christi Energy LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Corpus Christi Cogeneration, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Zion Energy LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Los Medanos Energy Center, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Morgan Energy Center, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Carville Energy LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Decatur Energy Center, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Oneta Power I, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Oneta Power II, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Oneta Power, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Baytown Energy Center LP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Baytown Energy Center GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Baytown Energy Center, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Baytown Power GP, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Baytown Power, LP	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Columbia Energy LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Delta Energy Center, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	CalGen Project Equipment Finance Company Two, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Pastoria Energy Facility, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
3731	HSBC Bank USA National Association	Calpine Pastoria Holdings, LLC	CalGen Second Lien Notes	Guarantor	$640,000,000.00		$17,721,600.00	A	$657,721,600.00
4073	Manufacturers and Traders Company	Calpine Generating Company, LLC	CalGen Third Lien Notes	Primary Obligor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Generating Company, LLC	CalGen Third Lien Notes	Primary Obligor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Finance Corp.	CalGen Third Lien Notes	Primary Obligor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
4073	Manufacturers and Traders Company	CalGen Finance Corp.	CalGen Third Lien Notes	Primary Obligor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine CalGen Holdings, Inc.	CalGen Third Lien Notes	Pledgor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine CalGen Holdings, Inc.	CalGen Third Lien Notes	Pledgor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Expansion Company, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Expansion Company, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CPN Freestone, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CPN Freestone, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Freestone, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Freestone, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Freestone Power Generation, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Freestone Power Generation, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Freestone Energy GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Freestone Energy GP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Freestone Energy, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Freestone Energy, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Power Equipment, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Power Equipment, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Channel Energy Center LP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Channel Energy Center LP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Channel Energy Center GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Channel Energy Center GP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Channel Power GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Channel Power GP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Channel Power LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Channel Power LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Channel Energy Center, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Channel Energy Center, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Equipment Finance Holdings, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Equipment Finance Holdings, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company One, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company One, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company Three, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company Three, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Equipment Finance Company, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Equipment Finance Company, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Nueces Bay Energy, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Nueces Bay Energy, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Northbrook Southcoast Investors, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Northbrook Southcoast Investors, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Corpus Christi Energy GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Corpus Christi Energy LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Corpus Christi Cogeneration, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Corpus Christi Cogeneration, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
4073	Manufacturers and Traders Company	Zion Energy LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Zion Energy LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Los Medanos Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Los Medanos Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Morgan Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Morgan Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Carville Energy LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Carville Energy LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Decatur Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Decatur Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power I, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power I, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power II, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power II, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Oneta Power, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Baytown Energy Center LP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Baytown Energy Center LP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Calpine Baytown Energy Center GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Calpine Baytown Energy Center GP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Baytown Energy Center, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Baytown Energy Center, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Baytown Power GP, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Baytown Power GP, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Baytown Power, LP	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Baytown Power, LP	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Columbia Energy LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Columbia Energy LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Delta Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	Delta Energy Center, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company Two, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$48,858,000.00	B	$728,858,000.00
4073	Manufacturers and Traders Company	CalGen Project Equipment Finance Company Two, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$8,625,000.00	B	$158,625,000.00
4073	Manufacturers and Traders Company	Pastoria Energy Facility, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$39,100,000.00	B	$719,100,000.00
4073	Manufacturers and Traders Company	Pastoria Energy Facility, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$10,777,500.00	B	$160,777,500.00
4073	Manufacturers and Traders Company	Calpine Pastoria Holdings, LLC	CalGen Third Lien Notes	Guarantor	$680,000,000.00		$39,100,000.00	B	$719,100,000.00
4073	Manufacturers and Traders Company	Calpine Pastoria Holdings, LLC	CalGen Third Lien Notes	Guarantor	$150,000,000.00		$10,777,500.00	B	$160,777,500.00
5691	Morgan Stanley Senior Funding Inc as Agent	Calpine Generating Company, LLC	CalGen First Lien Term Loans	Primary Obligor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5653	Morgan Stanley Senior Funding Inc as Agent	Calpine Pastoria Holdings, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5654	Morgan Stanley Senior Funding Inc as Agent	Pastoria Energy Facility, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5655	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company Two, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5656	Morgan Stanley Senior Funding Inc as Agent	Delta Energy Center, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5657	Morgan Stanley Senior Funding Inc as Agent	Columbia Energy LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5658	Morgan Stanley Senior Funding Inc as Agent	Baytown Power, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
5659	Morgan Stanley Senior Funding Inc as Agent	Baytown Power GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5660	Morgan Stanley Senior Funding Inc as Agent	Calpine Baytown Energy Center GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5661	Morgan Stanley Senior Funding Inc as Agent	Calpine Baytown Energy Center LP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5662	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5663	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power II, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5664	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power I, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5665	Morgan Stanley Senior Funding Inc as Agent	Decatur Energy Center, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5666	Morgan Stanley Senior Funding Inc as Agent	Carville Energy LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5667	Morgan Stanley Senior Funding Inc as Agent	Morgan Energy Center, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5668	Morgan Stanley Senior Funding Inc as Agent	Los Medanos Energy Center, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5669	Morgan Stanley Senior Funding Inc as Agent	Zion Energy LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5670	Morgan Stanley Senior Funding Inc as Agent	Corpus Christi Cogeneration, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5671	Morgan Stanley Senior Funding Inc as Agent	Calpine Corpus Christi Energy LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5672	Morgan Stanley Senior Funding Inc as Agent	Calpine Corpus Christi Energy GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5673	Morgan Stanley Senior Funding Inc as Agent	Calpine Northbrook Southcoast Investors, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5674	Morgan Stanley Senior Funding Inc as Agent	Nueces Bay Energy, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5675	Morgan Stanley Senior Funding Inc as Agent	CalGen Equipment Finance Company, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5676	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company Three, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5677	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company One, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5678	Morgan Stanley Senior Funding Inc as Agent	CalGen Equipment Finance Holdings, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5679	Morgan Stanley Senior Funding Inc as Agent	Channel Energy Center, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5680	Morgan Stanley Senior Funding Inc as Agent	Channel Power GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5681	Morgan Stanley Senior Funding Inc as Agent	Channel Power LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5682	Morgan Stanley Senior Funding Inc as Agent	Calpine Channel Energy Center GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5683	Morgan Stanley Senior Funding Inc as Agent	Calpine Channel Energy Center LP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5684	Morgan Stanley Senior Funding Inc as Agent	Calpine Power Equipment, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5685	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone Energy GP, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5686	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone Energy, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5687	Morgan Stanley Senior Funding Inc as Agent	Freestone Power Generation, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5688	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5689	Morgan Stanley Senior Funding Inc as Agent	CPN Freestone, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5690	Morgan Stanley Senior Funding Inc as Agent	CalGen Expansion Company, LLC	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5792	Morgan Stanley Senior Funding Inc as Agent	Baytown Energy Center, LP	CalGen First Lien Term Loans	Guarantor	$600,000,000.00		$13,426,959.45	A	$613,426,959.45
5692	Morgan Stanley Senior Funding Inc as Agent	Calpine Generating Company, LLC	CalGen Second Lien Term Loans	Primary Obligor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5693	Morgan Stanley Senior Funding Inc as Agent	CalGen Expansion Company, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5694	Morgan Stanley Senior Funding Inc as Agent	CPN Freestone, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5695	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5696	Morgan Stanley Senior Funding Inc as Agent	Freestone Power Generation, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5697	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone Energy GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5698	Morgan Stanley Senior Funding Inc as Agent	Calpine Freestone Energy, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5699	Morgan Stanley Senior Funding Inc as Agent	Calpine Power Equipment, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5700	Morgan Stanley Senior Funding Inc as Agent	Calpine Channel Energy Center LP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26

Proof of Claim Number	Claimant	Debtor	Debt Issuance	Type of Claim	Total Principal Amount Due as of the Petition Date		Total Interest on Principal Due as of Repayment Date*		Total Principal and Interest Due as of Repayment Date*
5701	Morgan Stanley Senior Funding Inc as Agent	Calpine Channel Energy Center GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5702	Morgan Stanley Senior Funding Inc as Agent	Channel Power GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5703	Morgan Stanley Senior Funding Inc as Agent	Channel Power LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5704	Morgan Stanley Senior Funding Inc as Agent	Channel Energy Center, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5705	Morgan Stanley Senior Funding Inc as Agent	CalGen Equipment Finance Holdings, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5706	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company One, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5707	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company Three, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5708	Morgan Stanley Senior Funding Inc as Agent	CalGen Equipment Finance Company, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5709	Morgan Stanley Senior Funding Inc as Agent	Nueces Bay Energy, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5710	Morgan Stanley Senior Funding Inc as Agent	Calpine Northbrook Southcoast Investors, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5711	Morgan Stanley Senior Funding Inc as Agent	Calpine Corpus Christi Energy GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5712	Morgan Stanley Senior Funding Inc as Agent	Calpine Corpus Christi Energy LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5713	Morgan Stanley Senior Funding Inc as Agent	Corpus Christi Cogeneration, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5714	Morgan Stanley Senior Funding Inc as Agent	Zion Energy LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5715	Morgan Stanley Senior Funding Inc as Agent	Los Medanos Energy Center, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5716	Morgan Stanley Senior Funding Inc as Agent	Morgan Energy Center, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5717	Morgan Stanley Senior Funding Inc as Agent	Carville Energy LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5718	Morgan Stanley Senior Funding Inc as Agent	Decatur Energy Center, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5719	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power I, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5720	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power II, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5721	Morgan Stanley Senior Funding Inc as Agent	Calpine Oneta Power, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5722	Morgan Stanley Senior Funding Inc as Agent	Calpine Baytown Energy Center LP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5723	Morgan Stanley Senior Funding Inc as Agent	Calpine Baytown Energy Center GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5724	Morgan Stanley Senior Funding Inc as Agent	Baytown Power GP, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5725	Morgan Stanley Senior Funding Inc as Agent	Baytown Power, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5726	Morgan Stanley Senior Funding Inc as Agent	Columbia Energy LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5727	Morgan Stanley Senior Funding Inc as Agent	Delta Energy Center, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5728	Morgan Stanley Senior Funding Inc as Agent	CalGen Project Equipment Finance Company Two, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5729	Morgan Stanley Senior Funding Inc as Agent	Pastoria Energy Facility, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5730	Morgan Stanley Senior Funding Inc as Agent	Calpine Pastoria Holdings, LLC	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26
5791	Morgan Stanley Senior Funding Inc as Agent	Baytown Energy Center, LP	CalGen Second Lien Term Loans	Guarantor	$100,000,000.00		$2,730,977.26	A	$102,730,977.26

A Notes and Loans pay interest quarterly at Jan 1, Apr 1, Jul 1 and Oct 1 based on 30 day LIBOR rates. For the period Jan 2, 2006 to Mar 31, 2006, LIBOR rates for Jan are available and have been used to estimate Feb and Mar interest payable.

B Notes pay interest semi-annually at Apr 1 and Oct 1 based on six month LIBOR rates.

* For the purposes of these calculations, the Debtors have assumed that they will repay the CalGen Secured Debt on March 30, 2007 (the "Repayment Date"). The Debtors reserve their rights to repay the CalGen Secured Debt on an earlier date in which case these calculations will be adjusted accordingly.