

CALPINE CODE OF CONDUCT

Calpine employees, officers, and members of the Board of Directors (“directors”) are expected to conduct themselves and to perform their duties in furtherance of Calpine business in a highly ethical manner. This is to be done in accordance with this Code of Conduct, Calpine’s policies, Calpine’s operational priorities, socially responsible values, accepted business practices and applicable laws, rules and regulations of appropriate government and regulatory agencies.

I. GUIDING PRINCIPLES

To ensure the achievement of the Company’s goals, all employees, officers and directors shall abide by the following principles in carrying out their responsibilities. Full-time, part-time and temporary employees, as well as consultants and other agents, are collectively referred to as “employees” in this Code of Conduct.

Compliance with Laws and Regulations: All employees, officers and directors shall comply with all laws, regulations and market rules applicable to our business.

Fair Dealings: All employees, officers and directors shall deal fairly, honestly and constructively with governmental and regulatory bodies, customers, suppliers and competitors. Calpine will not tolerate its employees, officers or directors taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, or misrepresentation of material fact.

Conflicts of Interests: All employees, officers and directors have a duty to act in the best interests of Calpine and to avoid influences, interests or relationships that could give rise to an actual or apparent conflict of interest. A “*conflict of interest*” can occur when an individual’s personal interest is adverse to, or appears to be adverse to, the interests of Calpine as a whole. A “*conflict of interest*” may also arise when an individual, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position with Calpine. “*Immediate family*” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone else (other than employees) who share such person’s home. Potential situations in which a “*conflict of interest*” may arise include, but are not limited to:

- (1) *Acceptance of Gifts and/or Entertainment.* A “*conflict of interest*” arises if an employee, officer or director is offered a gift by a third party, where such gift is being made to influence the proposed recipient’s actions in their position with Calpine, or where acceptance of the gift could reasonably create that impression. Non-cash gifts of nominal value and gifts customarily made in the course of business will generally not give rise to a conflict of interest. Gifts of any amount may never be solicited, and gifts of cash or securities may never be accepted.
- (2) *Gift and Business Courtesies to Federal, State and Local Government Employees.* It is Calpine’s policy to comply strictly with laws governing the offering of gratuities and other items of value to federal, state and local government employees. The following is a guide:

Federal Executive Branch Employees. All employees, officers and directors are prohibited from giving anything, except as follows: (i) Calpine advertising or promotional items of limited intrinsic value, (ii) business-related meals and local transportation with an aggregate value of \$50 or less per occasion and not exceeding \$250, in the aggregate, in any calendar year; and (iii) other exceptions as approved by the responsible ethics official.

Federal Legislative and Judicial Branch, and State and Local Employees. Since these employees are governed by a wide variety of laws and regulations, all employees, officers and directors should consult with the Office of the General Counsel prior to offering anything of value.

- (3) *Gift and Business Courtesies to Non Government Persons and Labor Organizations.* Employees, officers and directors are permitted to provide meals, refreshments, entertainment, and other business courtesies of reasonable value to non-government persons in support of Calpine business activities, so long as this practice (i) does not violate any law or regulation, and (ii) is consistent with industry practices, infrequent in nature, and not lavish or extravagant. It is illegal for Calpine or its representatives to pay or receive anything of value from any labor organization. Moreover, other companies may have restrictive gift acceptance policies. Employees, officers and directors should always be very careful when giving gifts or offering entertainment to others and if there is a concern that the gift or entertainment may cause a recipient to be in violation of its policy, the employee, officer or director in question should ask in advance whether the potential gift or entertainment may be accepted by them under their gift/entertainment policy.

Should a conflict of interest arise or if there are any uncertainties as to whether a conflict of interest has arisen, the affected individual is required to notify his or her supervisor and the Office of the General Counsel. In the case of senior officers, the Chief Executive Officer is considered to be the individual's supervisor. In the case of directors and the Chief Executive Officer, the Audit Committee of the Board of Directors is considered to be the individual's supervisor.

Corporate Opportunities and Assets: All employees, officers and directors are prohibited from (1) competing with Calpine, (2) using Calpine property, information, labor or position for personal gain, or (3) taking opportunities for themselves personally that are discovered through the use of Calpine property or information, or their position with Calpine. All employees, officers and directors shall strive to protect and ensure the efficient use of company assets.

Bribery, Kickback and Fraud: It is Calpine's policy that no funds or assets can be paid, loaned or otherwise given as bribes, kickbacks, or other payments designed to influence or compromise the conduct of the recipient, including the payment of bribes to government officials to obtain favorable rulings. In addition, no employee will accept any funds or other assets for assisting in obtaining business or for

securing special concessions from Calpine. To illustrate the standard that Calpine expects every employee to maintain, the following conduct is expressly prohibited:

- payment or receipt of money, gifts, loans or other favors that may tend to influence business decisions or compromise independent judgment;
 - payment or receipt of rebates or kickbacks for obtaining business for or from the Company;
 - payment of bribes to government officials to obtain favorable rulings; and
 - any other activity that would reflect unfavorably on Calpine's reputation.
- Employees have a responsibility to report any actual or attempted bribery, kickback or fraud.

The foregoing does not limit Calpine's right to conduct lobbying or disclose promotion efforts in compliance with applicable laws.

Confidentiality: All employees, officers and directors shall maintain the confidentiality of confidential information entrusted to them by Calpine, its customers, suppliers, and employees, except when disclosure is authorized or legally mandated.

Diligence: All employees, officers and directors are expected to perform their duties with due care, loyalty, competence and diligence. All employees, officers and directors are expected to maintain the knowledge, skills and professional qualifications important and relevant to their positions.

II. AREAS OF ADDITIONAL FOCUS

Calpine is committed to the goals of maximizing its returns to stakeholders and operating the Company in a safe environment, guided by good governance principles and in compliance with all laws and regulations applicable to its business. To ensure achievement of *these goals*, all employees, officers and directors are expected to be particularly dedicated to applying Calpine's principles of ethical conduct in the following areas.

Financial Records and Reports: All employees, officers and directors shall strive to ensure the full, fair, accurate and timely preparation and maintenance of Calpine's financial records and reports in accordance with Generally Accepted Accounting Principles and Securities and Exchange Commission regulations. Calpine's senior financial officers are responsible for establishing and maintaining adequate internal and disclosure controls and procedures to ensure the full, fair, accurate, timely and understandable maintenance and disclosure of Calpine's financial condition, and other essential data with care and honesty. Transparency is a key principle in this area.

Safety: All employees, officers and directors are expected to perform their duties in accordance with safety protocols, rules and training in order to recognize and mitigate potential hazards and ensure a safe working environment.

Energy Trading and Regulatory Compliance: All employees, officers and directors shall comply with all laws, regulations and market rules applicable to our business,

including, but not limited to, the rules and regulations of the Federal Energy Regulatory Commission (FERC), US Commodity Futures Trading Commission (CFTC), and the various Public Utility Commission (PUC) jurisdictions in which we operate, as well as the North American Reliability Corporation (NERC) Standards.

Environment: All employees, officers and directors shall seek to ensure that Calpine's operations are in full compliance with all applicable environmental laws, rules and regulations.

Community Relations: All employees, officers and directors shall seek to ensure that Calpine continues to maintain positive relationships with all of the communities in which Calpine conducts business.

Government Relations: All interactions on behalf of Calpine by Calpine employees, officers and directors with governmental and regulatory agencies will be conducted in an open, constructive and positive manner.

III. COMPLIANCE

Calpine is committed to ensuring compliance with this Code of Conduct by all of its employees, officers and directors. In furtherance of this goal, Calpine has adopted the following measures.

Acknowledgment: Each employee, officer and director must submit an acknowledgement, either in paper or electronic format, that he or she has read, understood, is accountable for adhering to, and to the best of his or her knowledge, is in compliance with this Code of Conduct. The current version of the Code of Conduct should be obtained from the Calpine Intranet.

Open Channels of Communication: All employees, officers and directors are encouraged and expected to communicate honestly and freely with supervisors, managers and other appropriate personnel, including personnel in the Human Resources and Legal departments, when in doubt about the best course of action in a particular situation. Moreover, each employee, officer and director is encouraged and expected to report actual or suspected violations of laws, rules and regulations, this Code of Conduct or any other policy to his or her supervisor, manager and other appropriate personnel. Calpine does not tolerate retribution, retaliation or adverse personnel action against anyone submitting such a report in good faith. Directors and senior officers should raise any issue or concern they may have directly with the Audit Committee of the Board of Directors. Employees, officers and directors also have the option to direct their concerns or to report violations to the anonymous hotline service established by Calpine.

Waivers: Waivers of this Code of Conduct must be explicitly approved. The employee, officer or director seeking the waiver must provide his or her supervisor and the Office of the General Counsel with all pertinent information relating to such request. If the Office of the General Counsel decides to recommend approval of the waiver, it shall present such recommendation and all pertinent information to the Audit Committee. The request for a waiver may only be granted if (1) the Audit Committee is satisfied that all relevant information on which to base a decision has

been provided and (2) adequate controls have been instituted to assure that the interests of Calpine remain protected. Any waiver of this Code for executive officers may be made only by the Board of Directors or the Audit Committee. Any waiver of this Code for directors may be made by the Board of Directors or the Nominating and Corporate Governance Committee. To the extent that the Company's Board or a Board committee determines to grant any waiver of this Code for any executive officer or director, the waiver shall be disclosed to the Company's shareholders within four business days of such determination either by distributing a press release, providing website disclosure, or by filing a current report on Form 8-K with the SEC.

Investigations and Enforcement: The Audit Committee of the Board of Directors has oversight responsibility for the administration of this Code of Conduct. The Audit

Committee has delegated to the Office of the General Counsel of Calpine the responsibility and authority to conduct prompt and thorough investigations of any allegations or suspicions of violations of laws, rules and regulations, this Code of Conduct or any other policy. The Office of the General Counsel shall (1) evaluate the gravity and credibility of any alleged violation, (2) initiate informal inquiries or formal investigations as appropriate, (3) report the results of such inquiry or investigation to senior management and the Audit Committee, (4) recommend appropriate action against violators, including but not limited to termination of employment, (5) recommend changes in this Code of Conduct or in other policies and procedures as appropriate to institute remedial measures to prevent recurrence of similar violations, and (6) report, at least annually, to the Audit Committee regarding the effectiveness of this Code of Conduct.