The Audit Committee Charter
I. Purpose

The purpose of the Audit Committee (the “Committee”) shall be to assist the Board of Directors of Calpine Corporation (the “Company”) in fulfilling its responsibilities to the Company and its shareholders in the oversight of the following: (a) the integrity of the Company’s financial statements, (b) the Company’s compliance with legal and regulatory requirements, (c) the independent registered public accounting firm’s qualifications and independence, and (d) the performance of the internal audit function and independent auditors of the Company.

II. Committee Membership

1. Membership. The Committee shall consist of no fewer than three members.

2. Appointment. Each member of the Committee shall be appointed by the Board of Directors, considering the recommendations of the Nominating and Governance Committee of the Board of Directors.

3. Qualifications. Each member of the Committee must qualify as an independent director under the Corporate Governance Guidelines and otherwise meet any qualifications for membership on an audit committee imposed by any exchange or market on which the Company’s common stock may be listed (the “Exchange”) and any other laws and regulations applicable to the Company. Without limiting the generality of the foregoing, each member of the Committee must be financially sophisticated; as such qualification is determined by the Board of Directors.

4. Removal. No member of the Committee may be removed except by a majority of independent directors (as defined in the Corporate Governance Guidelines) then in office. The Board of Directors may fill vacancies on the Committee by a majority vote of the Board of Directors.

5. Chairperson. The Board of Directors shall designate one member of the Committee as its chairperson (the “Chairperson”). Except as may be expressly provided to the contrary in the by-laws of the Company, this charter or the Corporate Governance Guidelines of the Company, the Committee shall determine the rules of procedure under which it shall operate.

III. Committee Procedures

1. **Number of Meetings.** The Committee shall meet no less than four times per year.

2. **Leadership.** The Chairperson shall preside over the meetings of the Committee and shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings.

3. **Agenda.** The Chairperson, in consultation with the other members of the Committee, will determine the frequency and duration of the meetings of the Committee and the agenda of items to be addressed at each meeting. In advance of each meeting, the Chairperson shall circulate the agenda for each meeting to each member of the Committee. In addition, if requested by the Board of Directors, the Chairperson shall call a meeting of the Committee and place on the agenda such items as may be requested by the Board of Directors.

4. **Attendance.** The Committee may invite to its meetings other members of the Board of Directors, members of the Company’s management and such other persons as the Committee deems appropriate. The Committee may exclude any person (other than a member of the Committee) from a meeting as the Committee deems appropriate.

5. **Authority.** The Committee shall have the authority to perform all acts necessary or appropriate to fulfill its responsibilities and achieve its objectives under this charter and as otherwise directed by the Board of Directors, provided such acts are not in violation of the by-laws and certificate of incorporation of the Company, this charter, the Corporate Governance Guidelines, the Company’s Code of Conduct or any laws and regulations applicable to the Company.

6. **Delegation of Authority.** The Committee may form and delegate any of its authority and/or responsibilities to one or more subcommittee(s) as deemed appropriate by the Committee; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any applicable law, regulation or listing standard to be exercised by the Committee as a whole.

7. **Authority to Retain Advisors.** The Committee shall have the authority to obtain, at the expense of the Company, the advice and assistance of outside advisers, including legal and accounting advisers, as reasonably necessary to fulfill its responsibilities.

8. **Funding.** The Board of Directors shall ensure that the Company provides appropriate funding, as determined by the Committee, in order for the Committee to fulfill its responsibilities and achieve its objectives under this charter and as otherwise directed by
the Board of Directors, including the payment of compensation to the independent auditors of the Company and to any advisers engaged by the Committee pursuant to this charter.

IV. Responsibilities

1. Report to the Board of Directors. The Committee shall report regularly to the Board of Directors.

2. Audit Committee Report. The Committee shall prepare an audit committee report as required by the Securities and Exchange Commission for inclusion in the Company’s proxy statement distributed in connection with the annual meeting of shareholders.

3. Independent Auditors. The independent auditors of the Company shall report directly to the Committee.
   a. Retain Independent Auditors. The Committee shall have the sole authority to appoint and replace the independent auditors of the Company, subject to shareholder ratification if deemed appropriate by the Committee or required by the by-laws or certificate of incorporation of the Company, the Corporate Governance Guidelines or any laws and regulations applicable to the Company.
   b. Review Qualifications and Independence. The Committee shall, on a periodic basis as deemed appropriate by the Committee, review the qualifications and independence of the independent auditor of the Company.
   c. Annual Review of Independent Auditor’s Report. The Committee shall obtain and review, at least annually, a report by the independent auditor describing the following:
      i. Internal Quality Control. The internal quality-control procedures of the independent auditor;
      ii. Material Issues. Any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits, carried out by the independent auditor, and any steps taken to deal with any such issues; and
      iii. All Relationships. All relationships between the independent auditor and the Company.
d. **Engagement Fees and Terms.** The Committee shall have the sole authority to approve all engagement fees and terms of the independent auditors of the Company.

e. **Hiring Policies.** The Committee shall be directly responsible for the oversight of the work of the independent auditors of the Company, including the resolution of disagreements between management and the independent auditors of the Company regarding financial reporting.

f. **Approve Proposed Audit Services.** The Committee shall have the sole authority to approve, in advance of their provision, any audit services to be provided by the independent auditors of the Company.

g. **Approve Proposed Non-Audit Services.** The Committee shall have the sole authority to approve, in advance of their provision, any non-audit services to be provided by the independent auditors of the Company.

h. **Oversight of Independent Audit Work.** The Committee shall be directly responsible for the oversight of the work of the independent auditors of the Company, including the resolution of disagreements between management and the independent auditors of the Company regarding financial reporting.

i. **Sarbanes-Oxley (SOX) Compliance.** The Committee shall ensure that the independent auditors of the Company and its partners are in compliance with the provisions of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder relating to required rotation of audit partners.

j. **Required SOX Reports.** The Committee shall review any reports of the independent auditors of the Company required under the Sarbanes-Oxley Act of 2002 and obtain from the independent auditors of the Company any information with respect to illegal acts in accordance with Section 10A of the Securities Exchange Act of 1934 and the rules promulgated thereunder.

k. **National Office.** The Committee shall discuss with the independent auditors of the Company any communications between the audit team members and the independent auditor’s “national office” regarding auditing or accounting issues presented by the engagement.

l. **Accounting Adjustments.** The Committee shall discuss with management and the independent auditors of the Company any accounting adjustments that were noted or proposed by the independent auditors of the Company.
4. **Internal Controls**

   a. **Evaluate Effectiveness**
      
      i. **Information Technology.** Committee shall evaluate the effectiveness of the Company’s internal control environment, including information technology security policies and the internal controls regarding information security; and
      
      ii. **Financial Reporting.** Committee shall understand the scope of internal and external auditors’ review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management’s responses.

5. **Reviews and Evaluations.** The Committee shall make any necessary changes, or recommend that the Board of Directors make any necessary changes, required to correct any deficiencies noted by the Committee in performing the reviews and evaluations set forth below:

   a. **Committee Performance.** The Committee shall be responsible, at least on an annual basis, for reviewing and evaluating the performance of the Committee and the members of the Committee.

   b. **Independent Auditor Performance.** The Committee shall be responsible, at least on an annual basis, for reviewing and evaluating the performance of the independent auditors of the Company.

   c. **Financial Statements.** The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, the annual audited financial statements and quarterly financial statements, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to the filing of the annual report on Form 10-K and the quarterly report on Form 10-Q, as applicable.

   d. **Significant Issues with Accounting Principles.** The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, significant issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, and significant issues regarding the adequacy of the Company’s disclosure controls and procedures.
Significant Issues with Financial Reporting. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, analyses prepared by management or the independent auditors of the Company setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative methods under generally accepted accounting principles on the financial statements.

Management Letters. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, any management letter provided by the independent auditors of the Company and the Company’s response to such management letter.

Difficulties Encountered in Audit Work. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, any difficulties or issues encountered in the course of the audit work performed by the independent auditors of the Company, including any disagreements with management or restrictions in the scope of the independent auditors to the Company activities or on access to requested information and management’s response thereto.

Regulation and Accounting Initiatives. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, the effect of regulation and accounting initiatives on the financial disclosures of the Company.

Earnings Press Releases. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and the independent auditors of the Company, earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

Risk Exposure. The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management, the Company’s major financial risk exposures and the steps management has taken to
monitor and control such exposures, including the Company’s risk assessment and risk management policies.

k. **General Compliance.** The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating with management and legal counsel, the Company’s system for assessing whether the Company’s financial statements, reports and other financial information required to be filed with the Securities and Exchange Commission and other governmental organizations comply with all applicable laws and regulations.

6. **Internal Audit Function.** The Committee shall ensure that the Company maintains an internal audit function.

   a. **Chief Audit Executive.** The Chief Audit Executive shall report directly to the Committee.

      i. **Appointment.** The Committee shall be responsible for the appointment, reassignment or dismissal of the Chief Audit Executive; and

      ii. **Performance Review.** At least annually, the Committee shall review the performance of the Chief Audit Executive and concur with the annual compensation and salary adjustment.

   b. **Internal Audit Structure**

      i. **Charter.** The Committee shall periodically review and evaluate the internal audit charter; and

      ii. **Resources.** The Committee shall review the internal audit budget, resource plan, activities, and organizational structure.

   c. **Review Function.** The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating the internal audit function of the Company, including:

      i. Independence;

      ii. Competence;

      iii. Staffing adequacy and authority of the internal auditor;

      iv. Reporting relationship among the internal auditor;

      v. Financial management;

      vi. Internal audit reporting obligations;

      vii. The proposed internal audit plans and the coordination of such plans with the independent auditors of the Company; and
viii. Internal audit effectiveness, including compliance with the Institute of Internal Auditors’ Definition of Internal Auditing, Code of Ethics, and the *International Standards for Professional Practice of Internal Auditing*.

d. **Audit Plan Oversight**
   i. The Committee shall approve the annual audit plan and all major changes to the plan;
   ii. It shall review the internal audit activity’s performance relative to its plan; and
   iii. It shall review and evaluate the findings of the completed internal audits.

7. **Additional Responsibilities**

a. **Discuss Company Correspondence with Regulators.** The Committee shall, on a periodic basis as deemed appropriate by the Committee, discuss with management and the independent auditors of the Company, any correspondence with regulators or governmental agencies and any employees complaints or published reports which raise material issues regarding the Company’s financial statements or accounting policies.

b. **Confer with Legal Counsel.** The Committee shall, on a periodic basis as deemed appropriate by the Committee, discuss with the Company’s chief counsel, legal or regulatory matters that may have a material impact on the Company’s financial statements or its compliance and reporting policies.

c. **CEO and CFO Disclosures Review.** The Committee shall, on a periodic basis as deemed appropriate by the Committee, review disclosures made by the principal executive officer and principal financial officer of the Company regarding compliance with the certifications requirements under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, including with respect to the Company’s disclosure controls and procedures

d. **Special Investigations.** The Committee shall institute and oversee special investigations as needed.

e. **Charter Review.** The Committee shall review and reassess the adequacy of this charter annually and shall request board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

f. **Establish Procedures**
i. **Receipt of Complaints.** The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

ii. **Confidential and Anonymous Employee Submissions.** The Committee shall establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting and auditing matters.

iii. **Ethics and Compliance Hotline.** The Committee shall establish procedures for the confidential, anonymous submission by any party of concerns regarding questionable ethics and compliance matters.

V. **Limitations of Committee’s Roles**

Although the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to prepare financial statements, plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and independent auditors of the Company.

VI. **Disclosure of Charter**

This charter shall be made available on the Company’s website.

VII. **Date of Adoption**

This charter was adopted by the Board of Directors effective November 18, 2014