

CHARTER OF THE COMPENSATION COMMITTEE OF CALPINE CORPORATION

Purpose and Primary Objectives and Responsibilities

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors of Calpine Corporation (the “Company”) is to oversee the development of the compensation objectives and policies of the Company (the “Compensation Policies”) and to review and recommend to the Board of Directors the individual compensation of the executive officers of the Company in order to attract and retain high-quality personnel to better ensure the long-term success of the Company and the creation of long-term shareholder value.

The primary objectives and direct responsibilities of the Committee are to:

- (a) review and approve the objectives of the Company’s compensation programs and policies, including the Company’s benefit plans;
- (b) enable the Board of Directors to discharge its responsibilities relating to the compensation of the Company’s executive officers;
- (c) produce a compensation committee report on executive officer compensation 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 or annual report on Form 10-K filed with the Securities and Exchange Commission, in accordance with all laws and regulations applicable to the Company;
- (d) review and discuss with management the Company’s disclosures under “Compensation Discussion and Analysis” (the “CD&A”), and based on such review and discussion, make a recommendation to the Board of Directors as to whether the CD&A should be included in the Company’s annual report on Form 10-K and, as applicable, the Company’s proxy statement.
- (e) make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans;
- (f) review and approve corporate goals and objectives relevant to the compensation of the chief executive officer of the Company and other executive officers;
- (g) evaluate the performance of the chief executive officer of the Company in light of those goals and objectives;
- (h) together with the other independent directors (as defined in the Corporate Governance Guidelines) determine and approve the base compensation level of and incentive compensation for the chief executive officer of the Company based on this evaluation;

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- (i) approve base compensation and incentive compensation levels for other executive officers of the Company for ratification by the Board of Directors;
- (j) recommend to the Board of Directors for their approval all equity-based awards granted by the Company;
- (k) act as (or designate) an administrator for such plans as may be required;
- (l) perform an annual performance evaluation of the Committee and the members of the Committee; and
- (m) review and recommend to the Board of Directors fees and retainers for members of the Board of Directors and members and chairpersons of committees of the Board of Directors.

Committee Composition

The Committee shall consist of no fewer than three members.

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. 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.

Each member of the Committee must qualify as an independent director under the Corporate Governance Guidelines and otherwise meet any qualifications for membership on a compensation 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.

As deemed appropriate by the Board of Directors, each member of the Committee may be required to meet the requirements of a "non-employee director" under Rule 16b3 under the Securities Exchange Act of 1934 and the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

The Board of Directors shall designate one member of the Committee as its chairperson (the "Chairman"). 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.

Committee Structure and Operation

The Committee will meet no less than four times per year.

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The Chairman 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.

The Chairman, 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 Chairman shall circulate the agenda for each meeting to each member of the Committee. In addition, if requested by the Board of Directors, the Chairman shall call a meeting of the Committee and place on the agenda such items as may be requested by the Board of Directors

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.

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.

Compensation Policies

The Committee shall have the sole authority to develop and oversee the Compensation Policies with respect to executive officers of the Company.

In determining the portion of the Compensation Policies relating to the compensation of the chief executive officer of the Company, the Committee shall consider the Company's performance and relative stockholder return, the value of similar compensation and incentive awards to chief executive officers of comparable companies and the awards given to chief executive officers of listed companies in past years, together with such other factors as the Committee shall deem relevant.

Authority

The Committee shall have the sole authority to retain and terminate any compensation consultant to assist in the evaluation of compensation for members of the Board of Directors and executive officers of the Company and to approve such consultant's fees and other retention terms.

The Committee shall have the direct authority to review the performance of the chief executive officer of the Company against the goals and objectives set by the Committee and to recommend to the Board of Directors the annual base salary, annual incentive bonus, long-term incentive awards, employment agreements, severance arrangements, change in control agreements and special or supplemental benefits for the chief executive officer of the Company, which shall be

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determined and approved by the Board of Directors at a meeting at which neither any director that is not independent nor the chief executive officer is present.

The Committee shall have the sole authority to approve goals and objectives for, and the annual base salary, annual incentive bonus, long-term incentive awards, employment agreements, severance arrangements, change in control agreements and special or supplemental benefits for, the executive officers of the Company. The Committee's determination concerning such compensation (including incentive compensation) shall be subject to ratification by the Board of Directors.

The Committee shall have the sole authority to approve the annual base salary, annual incentive bonus, long-term incentive awards, employment agreements, severance arrangements, change in control agreements and special or supplemental benefits for the officers of the Company, provided, however, that the Committee may delegate authority to approve ordinary merit increases, changes in compensation upon promotion or change of job duties, and similar compensation matters handled in the ordinary course of business to management in accordance with the Compensation Policies.

The Committee shall have the authority to:

- (a) 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; and
- (b) 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.

Reviews and Evaluations

The Committee shall be responsible, at least on an annual basis, for reviewing and evaluating:

- (a) the performance of the Committee and the members of the Committee;
- (b) the performance of the executive officers of the Company in connection with a review of their compensation; and
- (c) the possible dilutive effect of options granted to the employees of the Company.

The Committee shall be responsible, on a periodic basis as deemed appropriate by the Committee, for reviewing and evaluating the adequacy of the Compensation Policies, in consultation with the Chairman of the Board and the chief executive officer of the Company.

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In performing the reviews and evaluations set forth above, the Committee shall solicit comments from all members of the Board of Directors.

The Committee shall deliver to the Board of Directors a report setting forth the results of its evaluation, including any recommended amendments to this charter and any recommended changes to the policies and procedures of the Company or the Board of Directors.

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 above.

Additional Responsibilities

The Committee shall adopt, administer and approve awards under incentive compensation and equity-based plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans, or recommend to the Board of Directors such awards all as provided under the terms of the applicable plans.

The Committee shall make regular reports to the Board of Directors.

Disclosure of Charter

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

Date of Adoption

This charter was adopted by the Board of Directors effective January 31, 2008.