CALPINE CORP

FORM 8-K
(Current report filing)

Filed 11/06/02 for the Period Ending 11/05/02

Address	717 TEXAS AVENUE SUITE 1000 HOUSTON, TX 77002
Telephone	7138302000
CIK	0000916457
Symbol	CPN
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

CALPINE CORP

FORM 8-K
(Unscheduled Material Events)

Filed 11/6/2002 For Period Ending 11/5/2002

Address	50 WEST SAN FERNANDO ST
	SAN JOSE, California 95113
Telephone	408-995-5115
CIK	0000916457
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2002

CALPINE CORPORATION

(A Delaware Corporation)

Commission File Number: 001-12079

I.R.S. Employer Identification No. 77-0212977

50 West San Fernando Street

San Jose, California 95113

Telephone: (408) 995-5115

ITEM 5. OTHER EVENTS

On November 5, 2002, Calpine Corporation announced financial and operating results for the quarter and nine months ended September 30, 2002 and 2001.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Not applicable.

(b) Not applicable.

(c) Exhibits.

99.0 Press release dated November 5, 2002 - Calpine Reports Third Quarter 2002 Financial Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CALPINE CORPORATION

By: /s/ Charles B. Clark, Jr.

Charles B. Clark, Jr.
Senior Vice President and Controller
Chief Accounting Officer

Date: November 5, 2002

EXHIBIT 99.0

NEWS RELEASE

CONTACTS: (408) 995-5115
Media Relations: Katherine Potter, X1168

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CALPINE REPORTS THIRD QUARTER 2002 FINANCIAL RESULTS

(SAN JOSE, CALIF.) November 5, 2002 - San Jose, Calif.-based Calpine Corporation [NYSE:CPN], the nation's leading independent power company, today announced financial and operating results for the quarter and nine months ended September 30, 2002.

For the third quarter 2002, Calpine reported $0.36 diluted earnings per share, or $161.3 million in net income, compared with $0.88 diluted earnings per share, or $320.8 million of net income, in the third quarter of 2001. Before certain non-recurring items (as detailed in the attached Supplemental Data), Calpine reported $0.38 diluted earnings per share, or $170.9 million in net income.

For the nine months ended September 30, 2002, Calpine earned $0.45 diluted earnings per share, or $159.6 million in net income, compared with $1.57 diluted earnings per share, or $548.1 million of net income, for the same period of 2001. Before certain non-recurring items (as detailed in the attached Supplemental Data), Calpine reported $0.74 diluted earnings per share, or $293.9 million in net income.

	Third Quarter		
	2002	2001	% Chg
Megawatt-hours Generated (millions)	23.4	13.7	71%
Megawatts in Operation	18,650	11,100	68%
Revenue (millions)	$ 2,495	$ 2,520	(1)%
GAAP:			
Net Income (millions)	$ 161.3	$ 320.8	(50)%
Diluted Earnings Per Share	$ 0.36	$ 0.88	(59)%
Recurring:			
Net Income (millions) (a)	$ 170.9	$ 320.8	(47)%
Diluted Earnings Per Share (a)	$ 0.38	$ 0.88	(57)%
EBITDA, as adjusted (millions) (b)	$ 482.9	$ 625.2	(23)%
Recurring EBITDA, as adjusted (millions) (c)	$ 478.6	$ 625.2	(23)%
Total Assets (billions)	$ 23	$ 19	21%

(a) See attached Supplemental Data for reconciliation of GAAP net income to net income from recurring operations.
(b) Earnings Before Interest, Tax, Depreciation and Amortization, as adjusted; see attached Supplemental Data for reconciliation from net income.
(c) See attached Supplemental Data for reconciliation of EBITDA, as adjusted to recurring EBITDA, as adjusted.

"I am pleased to report that Calpine earned $170.9 million of recurring net income for the third quarter of 2002," stated Calpine Chairman and CEO Peter Cartwright. "Our consistent and disciplined strategy and seasoned management team have proven successful under difficult market conditions. In the beginning of the year, Calpine set in motion a revised business plan to meet the challenges and uncertainties of the power industry and capital markets. We implemented this program to achieve critical near-term goals in an incremental and decisive manner, while continuing to execute upon a proven business model to sustain the long-term value of our core power generating business."

"We continue to execute and refine this program with measurable and effective results. We have reduced our 2002/2003 capital spending by more than $4 billion, continued to strengthen liquidity through non-strategic asset sales, and we have improved our balance sheet through the retirement of debt. Equally important, Calpine has completed more than $3 billion of financings this year, and we are in active discussions with our lenders as we prepare to launch our 2003 refinancing program."

"Over the past twelve months, Calpine has developed and is now implementing a new organizational structure designed to transition Calpine from a development and construction-focused company to one of North America's premier power producers, focused on operating our generating assets to maximize efficiencies, lower costs and further leverage economies of scale. We will continue to focus

on marketing our products and services to enhance value for our customers and Calpine. This new organizational structure benefits Calpine and our customers and will contribute significantly to our goal of becoming the lowest cost producer in the markets we serve."

"By the end of 2002, Calpine will own and operate one of the industry's cleanest, largest and most fuel-efficient fleet of natural gas-fired generating facilities. Calpine has the core earnings power, strong operating assets, predictable cash flow and the demonstrated business model that meets the challenges and opportunities in today's dynamic power industry."

2002 THIRD QUARTER FINANCIAL RESULTS

Financial results for the three and nine months ended September 30, 2002, were affected by a significant decrease in electricity prices and spark spreads compared with the same periods in 2001, primarily reflecting an increase in supply. The company has experienced a significant drop in margin from trading activities, which reflects the company's decision to limit this activity due to costs associated with credit support for trading.

Total electrical generating production for the three and nine months ended September 30, 2002, increased by 71% and 87%, respectively, as the company brought additional facilities into operation. However, the combination of lower spark spreads on electrical generation, lower revenue on sales of oil and gas, and lower trading gains resulted in decreases of 30% and 26%, respectively, in gross profit for the three and nine months ended September 30, 2002, compared with the same periods in 2001. Calpine's low-cost of production, economies of scale and portfolio of long-term contracts helped to mitigate the effects of the depressed power market on Calpine's financial results.

Financial results for the third quarter of 2002 reflect higher project development costs, as the company expensed costs related to the indefinite suspension of certain development projects; increased other income, primarily as a result of a $38.6 million pre-tax gain from the termination of a power sales agreement; and a lower effective tax rate.

In accordance with the requirements of Emerging Issues Task Force (EITF) Issue No. 02-03: Recognition and Reporting of Gains and Losses on Energy Trading Contracts, Calpine has shown trading activity on a net rather than gross basis in its financial results for the current period and has restated prior period results accordingly. Also, in compliance with Statement of Financial Accounting Standards (SFAS) No. 144: Accounting for the Impairment or Disposal of Long-Lived Assets, the company has reclassified results for certain assets sold or held for sale as discontinued operations and has restated prior period results accordingly. Additionally, effective July 1, 2002, the company has early-adopted SFAS No. 145, which rescinds Financial Accounting Standards Board Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt. As a result of the early adoption of SFAS No. 145, Calpine has reclassified debt extinguishment gains and losses from extraordinary gain or loss to other income or expense for both current and prior periods. The accounting changes noted above do not change reported net income in either the current or prior periods. As a result of the foregoing accounting changes, Deloitte & Touche, Calpine's independent auditor, will re-audit the company's results for the years ended December 31, 2000 and 2001.

OPERATIONS-FOCUSED INDUSTRY LEADER

Calpine is one of North America's largest power producers, with 75 energy centers in operation today. Its fleet of modern energy centers, representing more than 18,600 megawatts of capacity, is considered one of the most modern, efficient and environmentally sound natural gas-fired portfolios of its kind in the power industry.

The company continues to maintain a very high level of availability for its generating assets, and it has lowered its cost of production through improved efficiencies and economies of scale. These facilities are strategically located in significant energy markets across North America, with a large natural gas-fired unit in the United Kingdom.

Operations highlights:

o Achieved a 93% average availability for the past 12 months;
o Commissioned 20 plants in 2002, adding more than 7,600 megawatts;
o Increased power production by 87% over 2001 levels, to 53.8 million megawatt-hours for the first nine months of 2002;
o Achieved an average merchant baseload heat rate of under 7,000 British thermal units per kilowatt-hour; and
o Continued construction for 24 natural gas-fired facilities, representing an additional 9,800 megawatts of capacity.

CUSTOMER-FOCUSED MARKETING PROGRAM

Consistent with its proven business model, Calpine continues to enter into long-term contracts directly with load-serving customers throughout North America. In addition, Calpine Energy Services acquires low-cost natural gas to fuel the company's generating facilities, sells electricity from Calpine's generating plants, as well as a variety of ancillary services, and continues to maximize the value of Calpine's portfolio. This proven and consistent marketing model has significantly contributed to Calpine's continued ability to generate earnings and cash flow during extremely volatile market conditions.

"Despite the turmoil in the energy trading markets, Calpine Energy Services continues to perform in an efficient and highly ethical manner, reliably and cost-effectively moving gas to our plants and power to our customers," stated Cartwright.

Over the past 12 months, Calpine has entered into long-term contracts with load-serving and industrial customers, totaling nearly 4,000 megawatts of power sales. The company is currently in negotiations with other load-serving entities for up to 3,000 megawatts of additional long-term power sales.

LIQUIDITY-ENHANCING INITIATIVES

Calpine continues to make significant progress in 2002 toward completing its previously identified liquidity-enhancing initiatives:

o Through completed or pending transactions of asset sales, will generate approximately $300 million of cash; in the aggregate, assets sales exceeded book value; company continues to evaluate additional asset sales, including certain contracted power facilities, oil and gas properties and contract monetizations;
o Received approximately $160 million in cash from the initial public offering of its Calpine Power Income Fund in Canada; a follow-on offering of the fund during the next several months is under review;
o Reduced outstanding debt by approximately $300 million through the sale of oil and gas properties;
o Completed a $106-million, non-recourse project financing for its Blue Spruce Energy Center in Colorado;
o Continued to finalize funding for lease financing for an 11-unit California peaking program, representing approximately 500-megawatts of capacity; financing is expected to generate approximately $400 million in cash: 50% of financing is expected to close in the fourth quarter, with the balance of financing to be finalized upon completion of construction program in the first quarter of 2003; and

o Continued to finalize the lease financing of its Zion peaking facility; company expects to complete this $150-million transaction by the end of 2002.

"Calpine remains committed to building a significant liquidity cushion to fund our 2003 capital commitments," stated Calpine Chief Financial Officer Bob Kelly. "We have made significant progress this year and have identified additional opportunities that will further enhance our liquidity position and strengthen our balance sheet."

Discussions continue with the company's major equipment manufacturers, General Electric, Siemens-Westinghouse and Toshiba, to restructure its existing orders for gas and steam turbines. The company expects to complete these negotiations by the end of 2002.

2002 EARNINGS GUIDANCE

The company is updating its expectations for diluted earnings per share from recurring operations for the year ending December 31, 2002 to approximately $0.75 to $0.80 per share. The company intends to provide guidance on 2003 earnings when it reports 2002 year-end results.

CONFERENCE CALL INFORMATION

Calpine will host a conference call to discuss third quarter 2002 results. The conference call will occur Tuesday, November 5, 2002, at 7:30 am PST. To participate via the teleconference (in listen-only mode), dial 1-888-603-6685 at least five minutes before the start of the conference call. In addition, Calpine will simulcast the conference call live via the Internet. The web cast can be accessed and will be available for 30 days on the investor relations page of Calpine's website at www.calpine.com.

ABOUT CALPINE

Based in San Jose, Calif., Calpine Corporation is an independent power company that is dedicated to providing wholesale and industrial customers with clean, efficient, natural gas-fired power generation. It generates and markets power through plants it develops, owns and operates in 23 states in the United States, three provinces in Canada and in the United Kingdom. Calpine also is the world's largest producer of renewable geothermal energy, and it owns approximately 1.0 trillion cubic feet equivalent of proved natural gas reserves in Canada and the United States. The company was founded in 1984 and is publicly traded on the New York Stock Exchange under the symbol CPN. For more information about Calpine, visit its website at www.calpine.com.

This news release discusses certain matters that may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the intent, belief or current expectations of Calpine Corporation ("the Company") and its management. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could materially affect actual results such as, but not limited to, (i) the timing and extent of deregulation of energy markets and the rules and regulations adopted on a transitional basis with respect thereto; (ii) the timing and extent of changes in commodity prices for energy, particularly natural gas and electricity; (iii) commercial operations of new plants that may be delayed or prevented because of various development and construction risks, such as a failure to obtain the necessary permits to operate, failure of third-party contractors to perform their contractual obligations or failure to obtain financing on acceptable terms; (iv) unscheduled outages of operating plants; (v) cost estimates are preliminary and actual costs may be higher than estimated; (vi) a competitor's development of lower-cost generating gas-fired power plants; (vii) risks associated with marketing and selling power from power plants in the newly-competitive energy market; (viii) the successful exploitation of an oil or gas resource that ultimately depends upon the geology of the resource, the total amount and costs to develop recoverable reserves and operations factors relating to the extraction of natural gas; (ix) the effects on the Company's business resulting from reduced liquidity in the trading and power industry; (x) the Company's ability to access the capital markets on attractive terms; (xi) the direct or indirect effects on the Company's business of a lowering of its credit rating (or actions it may take in response to changing credit rating criteria), including, increased collateral requirements, refusal by the Company's current or potential counterparties to enter into transactions with it and its inability to obtain credit or capital in desired amounts or on favorable terms; and (xii) other risks identified from time-to-time in our reports and registration statements filed with the SEC, including the risk factors identified in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 and in its Annual Report on Form 10-K for the year ended December 31, 2001, which can be found on the Company's website at www.calpine.com. All information set forth in this news release is as of today's date, and the Company undertakes no duty to update this information.

CALPINE CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
For the Three and Nine Months Ended September 30, 2002 and 2001
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Revenue:				
Electric generation and marketing revenue				
Electricity and steam revenue	$ 947,326	$ 710,506	$ 2,269,892	$ 1,804,889
Sales of purchased power for hedging and optimization	1,282,976	1,653,088	2,526,555	2,680,488
Total electric generation and marketing revenue	2,230,302	2,363,594	4,796,447	4,485,377
Oil and gas production and marketing revenue				
Oil and gas sales	21,827	54,693	89,585	239,940
Sales of purchased gas for hedging and optimization	231,893	56,916	666,095	412,782
Total oil and gas production and marketing revenue	253,720	111,609	755,680	652,722
Trading revenue, net				
Realized revenue on power and gas trading transactions, net	6,845	16,700	15,276	21,340
Unrealized mark-to-market gain (loss) on power and gas transactions, net	(10,957)	7,128	(5,952)	107,862
Total trading revenue, net	(4,112)	23,828	9,324	129,202
Income from unconsolidated investments in power projects	10,176	6,859	10,499	9,021
Other revenue	4,924	14,261	14,792	28,444
Total revenue	2,495,010	2,520,151	5,586,742	5,304,766
Cost of revenue:				
Electric generation and marketing expense				
Plant operating expense	141,262	93,709	374,497	246,045
Royalty expense	4,743	5,255	13,092	23,181
Purchased power expense for hedging and optimization	1,059,840	1,394,871	2,039,954	2,396,804
Total electric generation and marketing expense	1,205,845	1,493,835	2,427,543	2,666,030
Oil and gas production and marketing expense				
Oil and gas production expense	22,953	13,009	67,381	62,371
Purchased gas expense for hedging and optimization	220,775	52,856	678,192	389,814
Total oil and gas production and marketing expense	243,728	65,865	745,573	452,185
Fuel expense	525,478	327,947	1,208,092	846,195
Depreciation, depletion and amortization expense	117,568	80,044	310,943	199,509
Operating lease expense	36,520	27,830	108,917	83,289
Other expense	3,539	3,485	8,333	9,474
Total cost of revenue	2,132,678	1,999,006	4,809,401	4,256,682
Gross profit	362,332	521,145	777,341	1,048,084
Project development expense	23,922	4,894	59,973	25,106
Equipment cancellation and asset impairment charge	3,714	--	172,185	--
General and administrative expense	57,280	29,357	170,369	114,924
Merger expense	--	--	--	41,627
Income from operations	277,416	486,894	374,814	866,427
Interest expense	113,847	47,657	239,112	107,473
Distributions on trust preferred securities	15,386	15,385	46,159	45,948
Interest income	(10,842)	(21,073)	(32,780)	(60,870)
Other income, net	(33,778)	(7,875)	(49,128)	(15,092)
Income before provision for income taxes	192,803	452,800	171,451	788,968
Provision for income taxes	48,406	139,304	38,805	278,161
Income before discontinued operations, extraordinary gain (loss), and cumulative effect of a change in accounting principle	144,397	313,496	132,646	510,807
Discontinued operations, net of tax provision of $9,675, $4,903, $15,059 and $24,374	16,950	7,303	26,950	36,284
Cumulative effect of a change in accounting principle, net of tax provision of $--, $--, $--and $669	--	--	--	1,036
Net income	$ 161,347	$ 320,799	$ 159,596	$ 548,127

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Basic earnings per common share:				
Weighted average shares of common stock outstanding.....	376,957	304,666	346,816	302,649
Income before discontinued operations and cumulative effect of a change in accounting principle.....	$ 0.38	$ 1.03	$ 0.38	$ 1.69
Income from discontinued operations, net of tax.....	$ 0.05	$ 0.02	$ 0.08	$ 0.12
Cumulative effect of a change in accounting principle.....	$ --	$ --	$ --	$ --
Net income.....	$ 0.43	$ 1.05	$ 0.46	$ 1.81
Diluted earnings per common share:				
Weighted average shares of common stock outstanding before dilutive effect of certain convertible securities.	382,607	318,552	355,577	317,880
Income before dilutive effect of certain convertible securities, discontinued operations and cumulative effect of a change in accounting principle.....	$ 0.38	$ 0.98	$ 0.37	$ 1.61
Dilutive effect of certain convertible securities (1).....	$ (0.05)	$ (0.12)	$ --	$ (0.14)
Income before discontinued operations and cumulative effect of a change in accounting principle.....	$ 0.33	$ 0.86	$ 0.37	$ 1.47
Income from discontinued operations, net of tax.....	$ 0.03	$ 0.02	$ 0.08	$ 0.10
Cumulative effect of a change in accounting principle.....	$ --	$ --	$ --	$ --
Net income.....	$ 0.36	$ 0.88	$ 0.45	$ 1.57

The financial information presented above and in the Supplemental Data attached hereto is subject to adjustment until the company files its Form 10-Q with the Securities and Exchange Commission for the quarter ended September 30, 2002.

(1) Includes the effect of the assumed conversion of certain dilutive convertible securities. No convertible securities were included in the nine months ended 2002 amounts as the securities were antidilutive. For the three months ended September 30, 2002, and for the three and nine months ended September 30, 2001, the assumed conversion calculation added 99,377, 58,153, and 52,353 shares of common stock and $14,326, $12,435, and $33,204 to the net income results, respectively.

CALPINE CORPORATION AND SUBSIDIARIES
Supplemental Data
(unaudited)

RECONCILIATION OF GAAP NET INCOME TO NET INCOME
FROM RECURRING OPERATIONS

(in thousands, except per share amounts) (all amounts are reflected net of tax (1))	Three Months Ended September 30, 2002	Diluted Earnings (loss) per Share	Three Months Ended September 30, 2001	Diluted Earnings (loss) per Share
GAAP net income	$161,347	$ 0.36	$320,799	$ 0.88
Gain on sale of discontinued operations	(12,905)	(0.03)	--	--
Severance and other costs in connection with reduction in work force	3,039	0.01	--	--
Deferred project cost write-offs	5,414	0.01	--	--
Loss on sale of turbines	2,094	--	--	--
Tax true-up of first quarter equipment cancellation charge	9,333	0.02	--	--
Equipment cancellation cost	2,606	0.01	--	--
Net income from recurring operations	$170,928	$ 0.38	$320,799	$ 0.88

(in thousands, except per share amounts) (all amounts are reflected net of tax (1))	Nine Months Ended September 30, 2002	Diluted Earnings (loss) per Share	Nine Months Ended September 30, 2001	Diluted Earnings (loss) per Share
GAAP net income	$159,596	$ 0.45	$548,127	$ 1.57
Gain on sale of discontinued operations	(12,905)	(0.03)	--	--
Severance and other costs in connection with reduction in work force	6,370	0.01	--	--
Deferred project cost write-offs	19,753	0.04	--	--
Loss on sale of turbines	2,105	--	--	--
Cumulative effect of a change in accounting principle	--	--	(1,036)	--
Equipment cancellation cost	121,459	0.28	--	--
(Gain) loss on extinguishment of debt	(2,463)	(0.01)	1,300	--
Merger expense	--	--	27,311	0.07
Net income from recurring operations	$293,915	$ 0.74	$575,702	$ 1.64

CASH FLOW DATA

(in thousands)	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
Cash provided by operating activities	$ 811,444	$ 487,716
Cash used in investing activities	(3,241,719)	(6,099,513)
Cash provided by financing activities	1,562,319	5,492,094
Effect of exchange rate changes on cash and cash equivalents	2,223	--
Net increase (decrease) in cash and cash equivalents	$ (865,733)	$ (119,703)

RECONCILIATION OF GAAP NET INCOME TO EBITDA, AS ADJUSTED (2)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
(in thousands)				
GAAP net income	$161,347	$320,799	$159,596	$ 548,127
(Income) from unconsolidated investments in power projects	(10,176)	(6,859)	(10,499)	(9,022)
Distributions from unconsolidated investments in power projects	2,126	1,137	2,144	3,596
Adjusted net income	153,297	315,077	151,241	542,701
Interest expense	113,847	47,657	239,112	107,473
1/3 of operating lease expense	12,173	9,277	36,305	27,763
Distributions on trust preferred securities	15,386	15,385	46,159	45,947
Provision for income taxes	48,406	139,304	38,805	278,161
Depreciation, depletion and amortization expense	117,568	80,044	310,943	199,509
Interest expense, provision for income taxes and depreciation from discontinued operations	22,178	18,411	51,286	66,014
EBITDA, as adjusted	$482,855	$625,155	$873,851	$1,267,568

RECONCILIATION OF EBITDA, AS ADJUSTED TO RECURRING EBITDA, AS ADJUSTED

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
(in thousands)				
EBITDA, as adjusted	$482,855	$625,155	$ 873,851	$1,267,568
Equipment cancellation cost	3,714	--	172,185	--
Deferred project cost, turbine write-offs	7,716	--	28,002	--
Severance and other costs in connection with reduction in work force	4,331	--	9,031	--
Loss on sale of turbines	2,983	--	2,983	--
Merger expense	--	--	--	41,627
(Gain) loss on extinguishment of debt	--	--	(3,492)	2,134
Gain on sale of discontinued operations	(22,996)	--	(22,996)	--
Cumulative effective of a change in accounting principle, net of tax provision	--	--	--	(1,036)
Recurring EBITDA, as adjusted	$478,603	$625,155	$1,059,564	$1,310,293

SUPPLEMENTARY POWER DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Generation (in MWh) (3)	23,375,000	13,687,000	53,809,000	28,804,000
Average electric price realized (per MWh)	$50.26	$71.10	$51.41	$72.89
Average spark spread realized (per MWh)	$26.14	$46.54	$26.48	$41.05

SUPPLEMENTARY NATURAL GAS DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
(in Bcfe)				
Natural Gas Production				
United States	15	12	42	30
Canada	19	24	61	72
Total	34	36	103	102
Average Daily Production Rate	0.365	0.387	0.375	0.374

CALPINE CONTRACTUAL PORTFOLIO - AS OF SEPTEMBER 30, 2002

	2003	2004	2005	2006	2007
Estimated Generation (in millions of mwh)					
- Baseload	156.2	178.7	190.5	190.5	190.5
- Peaking	22.9	25.5	26.3	26.3	26.3
Total	179.1	204.2	216.8	216.8	216.8
Contractual Generation (in millions of mwh)					
- Baseload	80.6	69.5	71.1	68.7	58.8
- Peaking	18.4	18.5	18.5	17.4	17.4
Total	99.0	88.0	89.6	86.1	76.2
% Sold					
- Baseload	52%	39%	37%	36%	31%
- Peaking	80%	73%	70%	66%	66%
Total	55%	43%	41%	40%	35%
Contractual Spark Spread per mwh	$21.05	$22.46	$21.85	$21.67	$22.34

CAPITALIZATION	As of September 30, 2002	As of December 31, 2001
Cash balance (in billions)	$0.7	$1.5
Total debt (in billions)	$13.4	$12.7
Debt to capitalization ratio	72%	75%
Present value of operating leases (in billions)	$2.2	$2.3
Unconsolidated debt of equity method investments (estimated, in billions) (4)	$0.2	$0.2
(in thousands):		
Short-term debt		
Notes payable and borrowings under lines of credit, current portion	$ 250,389	$ 23,238
Capital lease obligation, current portion	3,001	2,206
Construction/project financing, current portion	167,509	--
Zero-Coupon Convertible Debentures Due 2021	--	878,000
Total short-term debt	420,899	903,444
Long-term debt		
Notes payable and borrowings under lines of credit, net of current portion	1,002,453	74,750
Capital lease obligation, net of current portion	205,149	207,219
Construction/project financing, net of current portion	3,510,595	3,393,410
Convertible Senior Notes Due 2006	1,200,000	1,100,000
Senior notes	7,089,746	7,049,038
Total long-term debt	13,007,943	11,824,417
Total debt	$13,428,842	$12,727,861
Company-obligated mandatorily redeemable convertible preferred securities of subsidiary trusts	$ 1,123,787	$ 1,123,024
Minority interests	$ 198,875	$ 47,389
Total stockholders' equity (5)	$ 3,920,942	$ 3,010,569
Total capitalization	$18,672,446	$16,908,843
Debt to capitalization ratio		
Total debt	$13,428,842	$12,727,861
Total capitalization	$18,672,446	$16,908,843
Debt to capitalization	72%	75%

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(1) Based on the company's effective tax rate of approximately 29.8% and 29.5% for the three and nine months ended, respectively.

(2) This non-GAAP measure is presented not as a measure of operating results, but rather as a measure of our ability to service debt. It should not be construed as an alternative to either (i) income (loss) from operations or (ii) cash flows from operating activities to be disclosed in the company's Form 10-Q for the quarter ended September 30, 2002. It is defined as net income less income from unconsolidated investments, plus cash received from unconsolidated investments, plus provision for tax, plus interest expense, plus one-third of operating lease expense, plus depreciation, depletion and amortization, plus distributions on trust preferred securities. The interest, tax and depreciation and amortization components of discontinued operations are added back in calculating EBITDA, as adjusted.

(3) Does not include MWh generated by unconsolidated investments in power projects.

(4) Amounts based on Calpine's ownership percentage.

(5) Includes other comprehensive loss ("OCI") of $230,616 at September 30, 2002 and $226,574 at December 31, 2001. Excluding OCI from stockholders' equity would change the debt to capitalization ratio to 71% at September 30, 2002, and would change the ratio to 74% at December 31, 2001.