Action No. 0501-17864

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF

CALPINE CANADA ENERGY LIMITED, CALPINE CANADA POWER LTD., CALPINE CANADA ENERGY FINANCE ULC, CALPINE ENERGY SERVICES CANADA LTD., CALPINE CANADA RESOURCES COMPANY, CALPINE CANADA POWER SERVICES LTD., CALPINE CANADA ENERGY FINANCE II ULC, CALPINE NATURAL GAS SERVICES LIMITED, AND 3094479 NOVA SCOTIA COMPANY COLLECTIVELY THE "APPLICANTS"

FIFTH REPORT OF THE MONITOR

ERNST & YOUNG INC.

March 30, 2006

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Introduction

INTRODUCTION

1. On December 20, 2005, the Applicants filed for and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court dated December 20, 2005 (the "Initial Order"). In addition to the Applicants, the Initial Order provided for a stay of proceedings against Calpine Energy Services Canada Partnership ("CESCA"), Calpine Canada Natural Gas Partnership ("CCNG"), and Calpine Canadian Saltend Limited Partnership ("Saltend LP"), collectively referred to as the "CCAA Parties". The Applicants and CCAA Parties are collectively referred to as the "Group".

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Applicants and CCAA Parties during these CCAA proceedings (the "Monitor").

PURPOSE OF REPORT

3. The purpose of this fifth report (the "Fifth Report") is to provide this Honourable Court with a preliminary overview of the assets, liabilities and equity of each of the Applicants, the CCAA Parties and certain affiliates and/or subsidiaries of the Applicants, as at December 20, 2005.

4. The Monitor has been contacted by certain stakeholders, or their respective representatives, asking various questions with respect to materials filed with this Honourable Court relating to these CCAA proceedings. Many of the questions to the Group and Monitor related to the various inter-company balances that existed between the Applicants, CCAA Parties and other Calpine affiliates and subsidiaries. Generally, stakeholders are seeking a clear understanding as to the financial position, on a stand-alone basis, of each Applicant and CCAA Party.

5. To date, management has not answered the individual queries raised by various stakeholders as to fully address these questions requires the use of non-public financial information. Prior to the Initial Application, the unconsolidated financial statements of each Applicant and CCAA Party were not publicly disclosed. The financial results of the Group were consolidated into Calpine Corp.'s ("CORPX") public financial statements.

6. Given the lack of available public financial information for each Applicant and CCAA Party and the need for this information, as discussed above, the Court asked the Monitor to provide a report providing an overview of the financial position of each of the Applicants and CCAA Parties as at December 20, 2005.

7. The Monitor's analysis includes, for each Applicant and CCAA Party:

   a. A statement regarding the general background and purpose of each legal entity;
   b. An outline of the net book value of the assets held as at December 20, 2005;
   c. An outline of the book value of the liabilities including a description of each significant liability and whether the liability is an inter-company or a third party liability as at December 20, 2005;
   d. A description of potential contingent claims identified to date; and
   e. Results from searches at the respective personal property registry ("PPR") for each entity in the Group. PPR searches were completed in the respective province that each member of the Group was incorporated and, if different, the location of its head offices. Interested parties should conduct their own PPR searches.

DEFINED TERMS

8. Capitalized terms not defined in this report or the Appendices hereto are as defined in the Initial Order, the Affidavit of Mr. Toby Austin dated December 20, 2005 or the Monitor's First through Fourth Reports. Certain defined terms for the various Calpine entities that are important in the context of understanding this Report are detailed in Appendix A.

9. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

10. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Applicants and CCAA parties as well as discussions with management and employees of CORPX and certain of its subsidiaries (collectively "Management"). The Monitor has not performed an audit, review or other verification of such information. The Monitor cautions that the information contained in this report is unaudited and may accordingly be subject to change.

11. This Fifth Report summarizes the Monitor's preliminary analysis of the Group's financial position as at December 20, 2005. Further details and analysis will need to be undertaken to fully address the financial position of the members in the Group.

12. Unless otherwise noted, the financial information for each company within the Group is disclosed on an unconsolidated basis. Investments in affiliates are recorded at book value comprising the initial investment less any returns of capital received; these investment amounts are not necessarily reflective of the investments' market value. The investment account does not reflect any retained earnings of the subsidiary. Other assets and liabilities represent the book value as per the books and records as at December 20, 2005.

13. The Group has not completed a claims process. A claims process could result in:

    a. Claims arising in addition to the liabilities recorded as at December 20, 2005; or

    b. Revisions to the amount of liabilities recorded as at December 20, 2005.

14. As such, the findings in this Report as to the Groups' liabilities may be subject to change. This Fifth Report does identify any potential contingent claims that have been identified to date, that were not reflected in the financial records provided by the Group as at December 20, 2005.

BACKGROUND INFORMATION TO THIS REPORT

15. Prior to issuance of this Fifth Report, the Monitor provided a copy of the Fifth Report to Management to comment on any factual inaccuracies that may be contained in the Fifth Report.

16. The Monitor has received full co-operation from the Management, Applicants, CCAA Parties and CORPX in the preparation of this Fifth Report and all material information requests related to the preparation of this Fifth Report have been answered by these parties.

17. The completion of this report required considerable time and effort from Management in assisting the Monitor. The time required to complete this report was impacted, in part, by:

- The completion by the Group of its year-end accounting as at the date of the Initial Order and December 31, 2005;

- Coordinating the year-end accounting with CORPX's US operations (3 different US locations);

- The process of 'de-consolidating' CORPX's Canadian operations from its US operations that required a significant amount of time and effort from Management; and

- The complex ownership and financing structures of the Group and the quantity of inter-company transactions.

PROCEDURES PERFORMED BY THE MONITOR

18. In the course of preparing this Fifth Report the Monitor has performed the following procedures:

- Discussions with Management regarding the Group's accounting systems and the procedures followed for recording and reconciling inter-company transactions;
- Reviewed the listing of the general ledger accounts and trial balances with Management to identify the inter-company accounts and other third party liabilities;
- Reviewed schedules prepared by Management supporting the known inter-company balances and amounts owed to third party creditors;
- Agreed the financial information to each individual entity's ending trial balance as at December 20, 2005;
- Reviewed certain supporting agreements and documentation relating to material matters regarding the Applicants' and CCAA Parties' December 20, 2005 financial position; and
- Reviewed the Group's equity and asset accounts.

ANALYSIS OF THE GROUP'S FINANCIAL POSITION AS AT DECEMBER 20, 2005

19. For each of the Applicants and CCAA Parties, the Monitor has provided a description of its business and a summary of its assets and liabilities as at December 20, 2005. Attached as Appendix B is a chart indicating the ownership structure of the Group that also summarizes the Group's inter-company balances and third party payables greater than $5 million.

20. Attached at Appendix C is a chart that indicates the claims against and among the Group. The chart is read by taking a company on the vertical axis and tracing horizontally to identify the amount recorded in that company's books and records as being the receivable from / (payable to) the company on the horizontal axis. For example, the chart indicates that CCNG is owed $5.361 million by Calpine Natural Gas Services Ltd. ("CNGSL"). The inter-company balances comprise net amounts calculated by netting any inter-company payables and/or receivables between the same entities.

Background to inter-company accounts

21. Appendix B and Appendix C illustrate the significant inter-company balances that exist amongst the members of the Group as at December 20, 2005. The inter-company balances resulted, in part, from:

   a. The issuance of over $3 billion in senior notes in fiscal 2001 ("F2001") by Calpine Canada Energy Finance ULC ("ULC1") and Calpine Canada Energy Finance II ULC ("ULC2") for the general purpose of funding CORPX and its subsidiaries;

   b. ULC1 and ULC2 advanced the proceeds from the issuance of senior notes (public debt) to other members of the Group to fund purchases of certain assets in F2001, including:

      i. the acquisition of the Saltend Energy Facility ("Saltend") which was indirectly held by Calpine Canada Resources Company ("CCRC");

ii. the acquisition of the Whitby Cogen Facility and the Island Cogen Facility from Westcoast Energy Inc. (“Westcoast”), indirectly held by Calpine Canada Power Ltd. (“CCPL”); and

iii. the purchase of the oil and gas operations of Encal Energy Ltd. (“Encal”) by Calpine Canada Resources Ltd. (“CCRL”). CCRL was merged with CCRC in January, 2002.

c. The acquisition by Calpine Canada Natural Gas Company (“CCNGC”) of Quintana Minerals Canada Corp. (“Quintana”) and TriGas Exploration Inc. (“TriGas”). The Encal, Quintana and TriGas assets are collectively referred to as the “Oil & Gas Assets”;

d. A significant portion of the Group’s assets purchased subsequent to the issuance of the senior notes in F2001 have been sold with the sale proceeds being advanced to various Calpine entities;

e. Certain members of the Group having significant transactions with CORPX and its US subsidiaries relating to the purchase and sale of natural gas used in CORPX’s power plants; and

f. A complex tax-driven structuring that included the use of single purpose financial entities, unlimited liability companies and several international holding companies with numerous inter-company loans.

Timeline of significant corporate finance events

22. The chart below provides a timeline and summary of the major corporate finance events and inter-company transactions that contributed to, in part, the respective financial position of each individual Applicant and CCAA party.

Significant Corporate Finance Events					
2000	**2001 (continued)**	**2001 (continued)**	**2003**	**2004**	**2005**
July 2000 C$143MM acquisition by CCNGC of Quintana (oil and gas operations)	**July 2001** CCNG registered to hold the oil & gas assets contributed by CCRC, CCNGC and Calpine Energy Holdings Ltd. ("CAENG")	**October 2001** senior notes publicly issued: C$200MM (ULC1) €175MM (ULC2) GBP200MM(ULC2) ULC2 repays US$400MM August 2001 bridge loan	**February 2003** C$153MM Proceeds and warrants received from secondary offering of CPIF, effectively selling CCPL's ownership in CPIF	**February 2004** C$34MM asset sale by CCNG selling certain oil and gas assets to CNG Trust	**January 2005** US$260MM issuance of preferred shares by Calpine European Funding (Jersey) Ltd. ("CEFJL") relating to Saltend
November 2000 US$101MM acquisition by CCNGC of Trigas (oil and gas operations)	**August 2001** 1) US$400MM bridge credit agreement obtained by ULC2 2) US$525MM bridge credit agreement obtained by ULC1 3) US$809MM acquisition of Saltend, indirectly held by CCRC 4)ULC1 raises US$530MM through issuance of senior notes and repays bridge loan of US$525MM	**2002** **August 2002** Net proceeds to CCPL of C$265MM relating to the creation of Calpine Power Income Fund ("CPIF"). CCPL retained approximately 50% of CPIF	**February 2003** C$78MM received by CCPL from the exercise of warrants relating to the secondary offering of CPIF	**September 2004** C$808MM asset sale by CCNG selling all remaining oil and gas assets to Prime West Energy Trust, including 25% ownership of CNG Trust	**July 2005** US$863MM equity sale of Saltend
2001 **April 2001** US$1.5 billion public debt raised by ULC1 with funds advanced to QCH and Calpine Canada Energy Ltd. ("CCEL")		**August 2002** C$125MM asset sale by CCNG of certain oil and gas assets to NAL Oil & Gas Trust	**February 2003** US$12MM acquisition of Thomassen Turbine Systems indirectly held by CCRC	**October 2004** US$360MM issuance of pref. shares by Calpine (Jersey) Limited ("CJLXX") relating to Saltend	**July 2005** Proceeds from Saltend sale used to redeem CJLXX and CEFJL preferred shares.
April 2001 US$1.1B acquisition of Encal. involving CCRL (now CCRC) issuing shares and repaying certain Encal debt	**September 2001** C$333MM acquisition of the Island and Whitby facilities from Westcoast. Indirectly held by CCPL	**October 2002** C$388MM asset sale by CCNG of certain oil and gas assets to Pengrowth Corporation	**October 2003** C$214MM asset sale by CCNG creating the Calpine Natural Gas Trust ("CNG Trust") and retaining a 25% ownership		**July 2005** US$219MM in cash held by Calpine UK Holdings Limited

Remaining assets as at December 20, 2005

23. The table above indicates that a significant portion of the Groups' operational assets have been sold over the last several years. A summary of the Groups' significant remaining assets as at December 20, 2005 include:

Summary of remaining assets by company	
Company	**Significant assets**
ULC1	- Inter-company receivables
CCEL	- Cash and inter-company receivables
CCPL	- Services agreements with CPIF - Investment in CCICX (Whitby) - B Units of CLP - Inter-company receivables
CCPSL	- No significant assets
CCRC	- Cash and inter-company receivables - ULC1 Senior Notes - Investment in Saltend LP (ULC2 notes) - Remaining proceeds from Saltend (indirectly held by CCRC)
ULC2	- Cash and inter-company receivables
CESCL	- Inter-company receivables
CESCA	- Third party and inter-company receivables
309NS	- Investment in Saltend LP
Saltend LP	- Cash - ULC2 Senior Notes
CNGSL	- No significant assets
CCNG	- Cash - Third party and inter-company receivables

24. The following discussion provides further details with respect to the financial position of each of the Applicants, CCAA Parties and certain of their affiliates and subsidiary companies as at December 20, 2005.

ULC1

CALPINE CANADA ENERGY FINANCE ULC ("ULC1")

Purpose and Background of ULC1

25. ULC1 is an unlimited liability company incorporated under the laws of Nova Scotia with its head office in Calgary, Alberta. ULC1 is a subsidiary of Calpine ULC 1 Holdings, LLC ("CAULC"), a Delaware limited liability company and an indirect subsidiary of Quintana Canada Holdings, LLC ("QCH"), a Delaware limited liability company. ULC1 was organized in March 2001 for the sole purpose of raising funds for the business operations of CORPX and its various subsidiaries.

26. ULC1 obtained a US$525 million bridge loan on August 20, 2001 with the proceeds from the loan being advanced to Calpine Canada Energy Ltd. ("CCEL"). Subsequent to the bridge loan, ULC1 completed three financings comprising two US dollar offerings and one Canadian dollar offering as summarized in the table below.

ULC1's Senior Note Offerings	000's	Interest rate	Due date
April 2001 (USD offering)	1,500,000	8.500%	May 1, 2008
August 2001 (USD offering)	530,000	8.500%	May 1, 2008
Total US $ offerings	2,030,000		
CDN equivalent (1.15C$ to 1 US$)	2,332,744		
October 2001 (CDN offering)	200,000	8.750%	Oct 15, 2007
Total (CDN)	2,532,744		

27. ULC1's offering documents relating to the sale of its senior notes did not specifically state the use of the funds, other than to advise that the related proceeds would be lent to CORPX and its affiliates pursuant to one or more inter-company loans. The offering documents indicated that ULC1 expected to use a portion of the net proceeds raised from the issuance of senior notes to repay ULC1's bridge loan dated August 20, 2001. Proceeds from the August 2001 senior notes offering of US$530 million were used to retire the bridge loan.

28. Effectively, the proceeds from bridge loan and the sale of the senior notes were used to partially fund the following:

a. The acquisition of Saltend;

b. Repayment of debt associated with the acquisition of Encal; and

c. The acquisition of the Island and Whitby Cogen Facilities.

29. In summary, ULC1 is a single purpose financing entity that raised funds (initially through a bridge loan and then through the issuance of unsecured senior notes) and subsequently advanced these funds to either QCH or CCEL. ULC1 has no sources of revenue other than interest income relating to its inter-company loans and its only expenses comprise ongoing general and administrative expense and interest expense. ULC1 has no employees.

Financial Position

30. A condensed balance sheet for ULC1 is provided in the table below:

ULC1 - balance sheet	20-Dec-05
	$000's
Assets	
Cash	340
Other assets	68,136
	68,476
Due from:	
CCEL	2,969,532
QCH	403,160
CCRC	1,846
CORPX	273
Other inter-company	152
	3,374,963
Total assets	**3,443,439**
Liabilities	
Senior notes held by:	
Third parties	1,934,800
CCRC	422,263
CORPX	164,094
QCH	11,587
Total senior notes	2,532,744
Capital contribution CAULC	20,335
Retained earnings	890,360
Total liabilities and equity	**3,443,439**

Assets

Other assets

31. ULC1's significant assets as at December 20, 2005 include approximately $61.0 million of deferred corporate income taxes and approximately $7.1 million of interest receivable on an inter-company note. ULC1's remaining assets consist of the inter-company receivables as discussed below.

Due from CCEL

32. The net amount due from CCEL of approximately $2.97 billion relates to three term debentures ("Hybrid Notes") issued in F2001. As discussed above, the advances by ULC1 to CCEL were effectively completed in conjunction with a series of transactions that resulted in the purchase of a series of assets

33. The Hybrid Notes are part of a debt structuring among CCEL, ULC1 and QCH referred to as the "Hybrid Note Structure". Details of the Hybrid Note Structure are discussed in detail under CCEL.

Due from QCH

34. ULC1's receivable from QCH totals approximately $403 million and relates to net advances from ULC1 to QCH as summarized in the following table:

Due from QCH	$000's	Interest rate	Note
Promissory note dated April 25, 2001	362,141	10.771%	**a**
Accrued interest (net)	72,565	10.771%	**b**
Other amounts	8,679	n/a	**c**
Due to QCH (interest rate swap)	(40,225)	n/a	**d**
Total due from QCH	403,160		

a. $362 million of ULC1's obligation to QCH is supported by a promissory note dated April 25, 2001. The April 2001 promissory note was is in the amount of $1.5 billion and bears interest at 10.771% per annum. In F2001, ULC1 advanced to QCH $1.5 billion of the proceeds ULC1 received from the sale of its senior notes. QCH subsequently repaid approximately $1.1 billion of the loan resulting in approximately $362 million remaining due under that promissory note. The April 2001 promissory note and subsequent repayment were part of a complex transaction and share restructuring completed in conjunction with the acquisition of Encal;

b. Interest of approximately $72.6 million has been accrued on the QCH promissory note;

c. QCH owes ULC1 $8.7 million for other miscellaneous advances; and

d. Offsetting QCH's liability to ULC1 is approximately $40.2 million in interest payable by ULC1 to QCH relating to interest rate swaps that were in place between ULC1 and QCH. Management advised the Monitor that the interest rate swaps were terminated as a result of QCH's Chapter 11 filing in the U.S. and that no further claim is expected by QCH against ULC1 relating to the swap agreements.

Liabilities (ULC1 Senior Notes)

35. ULC1 owes approximately $2.53 billion on senior notes issued in F2001 pursuant to a prospectus dated April 25, 2001 and a prospectus supplement dated October 11, 2001 (collectively the "ULC1 Prospectus"). In 2001 ULC1 issued US$2.03 billion of 8½ % senior notes due May 1, 2008 and C$200,000,000 of 8¾ % Senior Notes due October 15, 2007 (collectively, the "ULC1 Senior Notes") pursuant to an Indenture dated as of April 25, 2001 between ULC1 and Wilmington Trust Company, as trustee, as amended and restated pursuant to an Amended and Restated Indenture dated as of October 16, 2001.

36. The ULC1 Senior Notes are unsecured obligations of ULC1 and are fully and unconditionally guaranteed by CORPX pursuant to a Guarantee Agreement made by CORPX, as guarantor, dated as of April 25, 2001, as amended by the First Amendment to Guarantee Agreement dated as of October 16, 2001. The guarantee by CORPX relates only to the amounts owing under the ULC1 Senior Notes and does not apply to any other

liabilities owing by ULC1. See Appendix D for a chart containing the transactions involved in the ULC1 Senior Notes financing.

37. A significant portion of ULC1's senior notes are now held by Calpine entities as CORPX, and certain of its affiliates, have re-purchased the senior notes in the open market, generally at a discount to face value. Of the $2.5 billion in ULC1 Senior Notes originally issued, approximately $1.9 billion are held by parties unrelated to CORPX with the remaining $598 million held by Calpine entities as summarized below:

Holders of ULC1 Senior Notes (face value)	$000's	Note
Parties unrelated to CORPX	1,934,800	
CCRC	422,263	a
CORPX	164,094	b
QCH	11,587	c
Total ULC1 senior notes *	2,532,744	
***** - *includes accrued interest***		

a. CORPX, and certain of its subsidiaries, had previously purchased ULC1 Senior Notes in the open market at a discount to their face value as part of an overall strategy to reduce CORPX's outstanding debts. CCRC holds approximately $422 million of ULC1 Senior Notes that were transferred from CORPX (and certain of its affiliates) to CCRC in July 2005 to settle inter-company accounts relating to the sale of Saltend, discussed in further detail at Appendix E.

b. At December 20, 2005 CORPX still held approximately $164 million of ULC1 Senior Notes that it had previously purchased as summarized in the table below:

ULC1 Senior Notes held by CORPX (face value)	$000's
Repurchase of Senior Notes (Aug 2005)	19,698
Repurchase of Senior Notes (Sep 2005)	27,808
Repurchase of Senior Notes (Oct 2005)	108,047
Accrued interest and other	8,541
Total	164,094

c. ULC1 owes QCH approximately $11.6 million relating to ULC1 senior notes held by QCH that it purchased in the open market.

Other Potential Liabilities or Claims

38. A review of the PPR search indicated that there are no parties with security registered against ULC1.

39. Management has advised the Monitor that it is not aware of any contingent claims against ULC1.

CALPINE CANADA ENERGY LTD. ("CCEL")

Purpose and Background of CCEL

40. CCEL is a limited liability holding company incorporated under the laws of Nova Scotia with its head office located in Calgary, Alberta and QCH is the sole shareholder of CCEL. CCEL's purpose was primarily as Calpine's top holding company in Canada with investments in subsidiaries including CCPL and CCRC.

41. CCEL has approximately 11 employees and had no operating revenues other than interest income relating to inter-company loans. CCEL provides general and administrative ("G&A") support for the Applicants and CCAA Parties. Certain of CCEL's G&A expenses are allocated to and reimbursed by the appropriate Applicant and/or CCAA Party based on the time spent by each employee on the respective Calpine entity.

42. CCEL's equity ownership and debt structures are complex. CCEL's equity ownership was restructured in F2004 (discussed more fully below) and consists of voting and non-voting shares.

Financial Position

43. The condensed balance sheet of CCEL as at December 20, 2005 is as follows:

CCEL - balance sheet	20-Dec-05
	$000's
Assets	
Cash	2,458
Prepaid expenses	314
Other assets	8,204
Total current assets	10,976
Due from CCRC	2,081,381
Due from QCH	573,253
Due from CCPL	146,124
Due from ULC2	68
Other inter-company	431
Investment in affiliates	(771,794)
Total assets	**2,040,439**
Liabilities	
Accounts payable	1,326
Note payable to ULC1	2,969,532
Due to CCNG	8,726
Due to CORPX	143
Due to Saltend LP	21
Total liabilities	2,979,748
Capital contribution QCH	(930,116)
Retained deficit	(9,193)
Total liabilities and equity	**2,040,439**

Assets

44. CCEL's assets as at December 20, 2005 include miscellaneous current assets, inter-company receivables, investments in subsidiaries, and other assets.

Other assets

45. CCEL's other assets as at December 20, 2005 are summarized below:

Other assets	$000's
Income taxes recoverable	7,738
Other assets	466
Total other	8,204

Due from CCRC

46. CCRC owes CCEL $2.1 billion relating to a term debenture and five promissory notes issued by CCRC (or certain companies amalgamated with CCRC) to CCEL as summarized below:

Due from CCRC	Issue date	Due date	Face amount	Payments	Current balance	Interest rate	Note
			$000's	$000's	$000's		
Demand promissory note	01-Dec-00	n/a	121,929	-	121,929	10.771%	
Promissory note	25-Apr-01	25-Apr-08	578,959	-	578,959	10.771%	a
Promissory note	25-Apr-01	25-Apr-08	12,000	-	12,000	10.771%	a
Demand promissory note	13-Aug-01	n/a	57,333	(36,664)	20,669	10.800%	
Promissory note	14-Aug-01	25-Apr-08	1,150,000	(2,596)	1,147,404	10.771%	a
Term Debenture	23-Aug-01	25-Apr-31	641,180	(575,537)	65,643	12.345%	
Total (excl. accrued interest)			2,561,401	(614,797)	1,946,604		
Accrued interest and other					134,777		
Total (incl. accrued interest)					2,081,381		

Note (a) Interest rate decreases to 10.50% effective May 1, 2006

47. The above advances by CCEL to CCRC (or certain companies amalgamated with CCRC) were completed as part of the same series of transactions involving the creation of the Hybrid Notes between ULC1 and CCEL. Effectively, ULC1 issued senior notes and advanced the proceeds to QCH and CCEL (the advances to CCEL were part of the Hybrid Note Structure as discussed below). CCEL then re-loaned a portion of the proceeds received from ULC1 to CCRC pursuant to the term debentures and promissory notes summarized in the table above. CCRC then re-loaned the funds to other Calpine entities to acquire certain assets including Saltend and Encal.

48. The table below illustrates that the majority of the funds CCEL received from ULC1 were concurrently advanced to CCRC.

ULC1 advances to CCEL	Face amount	CCEL advances to CCRC	Face amount
	$000's		$000's
25-Apr-01	774,250	15-Nov-00	121,929
		25-Apr-01	578,959
		25-Apr-01	12,000
			712,888
14-Aug-01	1,150,000	13-Aug-01	57,333
		14-Aug-01	1,150,000
			1,207,333
23-Aug-01 (incl. amend)	1,001,147	23-Aug-01	641,180
	2,925,397		2,561,401

49. See Appendix D for a chart illustrating the flow of funds associated with the issuance of the ULC1 Senior Notes and CCEL loans to CCRC.

50. CCRC has repaid approximately $615 million of the $2.6 billion owed to CCEL. The majority of CCRC's loan repayments to CCEL relate to $575 million in payments made against the term debenture dated August 23, 2001, consisting of a $290 million payment in December 2004 and a $285 million payment made in January 2005. The net repayments by CCRC to CCEL were funded in part from:

a. Proceeds received by CCRC relating to a financing completed by CJLXX in October, 2004 (discussed at Appendix E); and

b. Share capital transactions whereby QCH's contributed capital to CCEL was reduced in an amount corresponding to the reduction in CCEL's receivable from CCRC. The transactions affecting CCEL's shareholder equity account (QCH's contributed capital) are discussed in further detail below.

51. CCRC's obligation to CCEL under the $641 million August 23, 2001 term debenture (approximately $65 million currently outstanding) is subordinated to the other indebtedness of CCRC (unless CCRC's other debt states that it is subordinated to, or pari

passu with CCRC's obligations under the term debenture). CCRC's obligations to CCEL under the remaining promissory notes and demand notes, by their terms, are not subordinated.

Due from QCH

52. QCH owes CCEL approximately $573 million pursuant to the following advances/promissory notes issued in F2004 and F2005:

Amounts due from QCH	Issue date	Face amount	Capitalized interest / (repayments)	Current balance	Interest rate
		$000's	$000's	$000's	
Promissory note	19-Oct-04	225,792	(7,405)	218,387	8.500%
Promissory note	05-Nov-04	119,830	(80,184)	39,646	8.500%
Promissory note	14-Jan-05	234,468	8,968	243,436	8.500%
Promissory note	21-Jan-05	55,340	2,117	57,457	8.500%
Other amounts		-	105	105	
Sub-total		635,430	(76,399)	559,031	
Accrued interest				14,222	
Total				573,253	

53. The promissory notes dated November 5, 2004 and January 14, 2005 relate to funds received by CCEL indirectly from CJLXX in October 2004 in connection with CJLXX's sale of preferred shares relating to Saltend. CJLXX completed an offering of preferred shares for proceeds of approximately US$360 million. Through a series of inter-company transactions, US$295 million of the funds raised from this offering were advanced to CCEL who in turn advanced the funds to QCH. CJLXX's financing is discussed in further detail at Appendix E.

54. The remaining advances by CCEL to QCH (October 19, 2004 and January 21, 2005) were made to provide QCH with working capital and were funded by CCEL from the proceeds it received from the repayment by CCRC of certain inter-company balances.

55. QCH made a $7.4 million payment on the October 19, 2004 promissory note in April 2005 and made a $80.2 million payment on the November 5, 2004 note in October 2005 to reduce the amounts owing to their current balance.

Due from CCPL

56. $146 million is due to CCEL from CCPL. The receivable comprises a $143 million promissory note, $2.5 million in accumulated interest and $600,000 in miscellaneous inter-company transactions.

57. The $143 million promissory note relates to the funding by CCEL of costs associated with the development and construction of the 250 MW Calgary Energy Centre power generating facility ("CEC"). The CEC was originally owned by CCPL and was transferred to Calpine Power, LP ("CLP") in August 2002 as part of the establishment of CPIF. The promissory note is dated August 29, 2002 and bears interest at 12.345% per annum.

Investment in affiliates

58. CCEL's investment in affiliates consists of its equity investment in CCPL and CCRC. CCEL's investments in affiliates from December 2003 to the date of the Initial Order are summarized in the table below:

CCEL's investment in subsidiaries	Dec 31/03	Dec 31/04	F2005 Adj.	Dec 20/05
	$000's	$000's	$000's	$000's
CCPL (100% ownership)	67,666	58,659	-	58,659
CCNGC (note a)	31,781	-	-	-
CCRC (100% ownership)	11,209	61,011	(891,464)	(830,453)
Total	110,656	119,670	(891,464)	(771,794)

Note (a) CCNGC amalgamated with CCRC on January 1, 2004.

59. The decrease in CCEL's investment in CCRC of $891 million in F2005 was a result of an adjustment (the "Adjustment"). The Adjustment was a non-cash accounting entry that resulted in a reduction in CCEL's investment in CCRC by $891 million (illustrated in the table above) and a corresponding reduction in CCEL's capital account (QCH's contributed capital to CCEL). The Adjustment resulted from accounting entries booked in F2005 relating to transactions that occurred in F2004, namely:

a. The August 2004 sale by CCNG of its oil and gas assets to Prime West Energy Trust. CCRC and CCNGC were partners of CCNG; and

b. The amalgamation of CCNGC with CCRC on January 1, 2004.

60. Further details of the adjustment are discussed below in CCRC's equity section.

Liabilities

61. CCEL's liabilities as at December 20, 2005 consist primarily of miscellaneous accounts payable and other amounts owed to related parties as discussed in further detail below.

Accounts Payable

62. CCEL's accounts payable of $1.3 million is comprised of miscellaneous third party accounts payable.

Due to ULC1

63. The inter-company payable of approximately $2.97 billion owed by CCEL to ULC1 relates to the limited recourse Hybrid Notes as discussed above. The term debentures between ULC1 and CCEL are summarized in the table below:

Loan from ULC1 to CCEL	Issue date	Due date	$000's	Interest rate	Note
Debenture	25-Apr-01	25-Apr-21	774,250	10.520%	a
Debenture	14-Aug-01	25-Apr-21	1,150,000	10.520%	a
Debenture	23-Aug-01	25-Apr-21	876,605	11.595%	b
Amendment of Aug 23/01 debenture	30-Apr-02	25-Apr-21	124,542	11.595%	b
			2,925,397		
Accrued interest			44,135		
Total			2,969,532		

a) Interest rate resets to 10.25% commencing April 25, 2006
b) Interest rates have been reset to 11.595% in F2006 per the terms of the debenture

64. The Hybrid Note Structure consists of the following agreements and guarantees:

a. Term Debenture Agreements between CCEL and ULC1;

b. Subscription Agreements between CCEL and QCH;

c. CCEL Common “B” Share Purchase Agreements between ULC1 and QCH; and

d. Certain related guarantees provided by CORPX.

65. Executed concurrently, the above agreements, as amended, outline the rights and obligations of CCEL, QCH, ULC1 and CORPX under the Hybrid Note Structure.

66. The Term Debenture Agreements state that the recourse of ULC1 against CCEL for the amounts owing under the Term Debentures is limited to QCH’s obligations under the Subordination Agreements with CCEL. The Subscription Agreements, as amended, call for QCH, at the option of CCEL, to be required to subscribe for newly issued, fully-paid Class “B” Common Shares of CCEL to fund any interest payment obligations by CCEL under the Term Debentures. The Subscription Agreements further provide that upon maturity, default or early repayment of the Term Debentures, QCH is effectively required to fund this obligation, with CCEL using the proceeds received from QCH to repay the obligations owing under the Term Debentures. QCH’s obligations under the Subscription Agreements are guaranteed by CORPX.

Due to CCNG

67. CCEL owes $8.7 million to CCNG as a result of various transactions occurring between the beginning of F2002 and the date of the Initial Order relating primarily to employee related expenses paid by CCNG on behalf of CCEL. Prior to F2005, CCNG had substantial oil and gas operating assets and following the sale of these assets, CCNG held considerable cash balances. Accordingly, CCNG often paid certain obligations of other Calpine entities.

Due to CORPX

68. CCEL owes $143,000 to CORPX relating to certain expenses paid by CORPX on behalf of CCEL. The expenses primarily consisted of stock option plans and other miscellaneous corporate charges.

Equity transactions

Share reorganization

69. On September 7, 2004, the share capital of CCEL was reorganized. On that date, all the issued and outstanding Class A Shares, Class B Shares and Non-Voting Preferred Shares then owned by QCH were converted into two new classes of shares, namely 100,000 New Common Shares and 300,000,000 Class A Non-Voting Preferred Shares. Immediately following the share recapitalization, CCEL redeemed 289,724,440 of the new Class A Non-Voting Preferred Shares for US$225 million in cash which CCEL funded from the repayments by CCRC of certain of its inter-company balances as discussed above.

70. The attributes of each share class of CCEL following the September 7, 2004 capital reorganization are summarized below.

New Common Shares

71. The New Common Shares are entitled to one vote per share. Upon liquidation, dissolution, or winding-up of CCEL, the New Common Shares are entitled, subject to the preferences accorded to the Class A Preferred Shares, to share equally, on a share-for-share basis, with the holders of the Class B Common Shares, in the remaining property of CCEL. All of the New Common Shares are held by QCH.

Class B Common Shares

72. The Class B Shares are participating, but non-voting. Under the terms of the Subscription Agreement the Class B Shares continue to be subscribed by QCH. As at December 20, 2005 all Class B Common Shares outstanding were held by QCH.

Class A Non-Voting Preferred Shares

73. The Class A Preferred Shares rank senior to all other shares of CCEL in respect to the return of capital. Holders of the Class A Preferred Shares are entitled to a discretionary, non-cumulative cash dividend at a rate of 5 percent of the redemption amount per share per annum in priority to participation by any New Common Shares or Class B Shares issued and outstanding at the time.

74. The Class A Preferred Shares, while non-voting, are redeemable at the option of CCEL or retractable at the option of the holder for proceeds equal to their par value of $1 per share. As at December 20, 2005 QCH held all the outstanding Class A Non-Voting Preferred Shares.

Contributed capital (QCH)

75. QCH is the sole shareholder of CCEL. QCH's net investment in CCEL was approximately $367 million at December 31, 2003, and was reduced to negative $39 million at the end of F2004 and to negative $930 million by the end of F2005 as illustrated in the table below.

Capital account	31-Dec-03	2004 change	Dec 31/04	2005 change	Dec 20/05
	$000's	$000's	$000's	$000's	$000's
QCH	367,595	(406,247)	(38,652)	(891,464)	(930,116)

76. QCH's equity in CCEL decreased significantly in F2004 and F2005 due to a series of transactions and adjustments by fiscal year are discussed below.

F2004 change in QCH’s equity in CCEL

77. In F2004, QCH’s capital contribution in CCEL reduced by approximately $406 million resulting from the following transactions:

2004 adjustment	$000's	Date	Note
Capital contribution	318,534		a
Return of capital	(289,710)	Sept '04	b
Return of capital	(435,071)	Dec '04	d
Total	(406,247)		

a. QCH’s capital contribution to CCEL increased in F2004 by approximately $318 million resulting from two contributions of capital occurring in April and October 2004. A significant portion of QCH’s F2004 capital contributions related to the financing completed by CJLXX, as discussed at Appendix E;

b. The September 2004 return of capital consisted of a cash payment by CCEL to QCH of US$225 million (C$289 million) and was a result of CCEL’s share reorganization as discussed above; and

c. The December 2004 return of capital was funded by CCRC and CCPL, with the $435 million payment being applied against inter-company balances owed by CCRC and CCPL to CCEL as illustrated in the table below:

December 2004 return of capital	$000's
Due from CCRC to CCEL	290,207
Due from CCPL to CCEL	144,864
Total funded of return of capital	435,071

F2005 change in QCH’s equity in CCEL

78. The reduction of QCH’s investment in CCEL in F2005 was the result of the Adjustment of approximately $891 million, with a corresponding reduction in CCEL’s investment in CCRC. In summary, as a result of the Adjustment (discussed below under CCRC),

CCEL reduced its equity investment in CCRC by $891 million and reduced QCH's equity investment in CCEL by a corresponding amount (ie. a reduction in an investment and a reduction in CCEL's capital account).

Other Potential Claims

79. A review of the PPR search indicated that ULC1 has registered secured claims against the assets of CCEL as follows:

    a. All of CCEL's right, benefit and interest in a Subscription Agreement made as of April 25, 2001 between QCH and CCEL, whereby QCH has subscribed for certain class B common shares of CCEL;

    b. All of CCEL's right, benefit and interest in a guarantee from CORPX made as of March 8, 2002 in favour of CCEL in respect of the obligations of QCH; and

    c. All of CCEL's present and future money, accounts, instruments and other intangible property relating to Subscription Agreements dated August 14, 2001 and August 23, 2001 between CCEL and QCH.

80. CCEL may have additional liability as the shareholder of CCRC, which is an unlimited liability company. The liabilities of CCRC should be considered when analyzing CCEL's financial position.

81. Management has advised the Monitor that it is not aware of any other contingent claims against CCEL.

CCPL

CALPINE CANADA POWER LTD. (“CCPL”)

Purpose and Background of CCPL

82. CCPL is incorporated under the laws of Alberta with its head office in Calgary, Alberta. CCPL is a direct subsidiary of CCEL. The main purpose of CCPL is to:

    a. Provide management services to Calpine Commercial Trust (“CCT”) and CLP pursuant to a 20-year amended and restated management agreement dated August 29, 2002 (the “Management Agreement”), and administrative services to the CPIF, pursuant to an amended and restated administrative services agreement, dated August 29, 2002 (the “Administrative Agreement”);

    b. Provide operation and maintenance services in respect of the Island Cogeneration Facility (owned indirectly by CLP) under an operating and maintenance agreement dated August 29, 2002 (the “Island O&M”);

    c. Provide operation and maintenance services in respect of the CEC (owned by CLP) under an operating and maintenance agreement dated August 29, 2002 (the “CEC O&M”); and

    d. Hold certain investments including interests in CCNG, Calpine Canada Whitby Holdings Company (“CCICX”) and an indirect 30% ownership in CLP, held by way of B Units. CCICX indirectly holds a 50% interest in the Whitby Cogen Facility.

83. CCPL receives a fixed monthly fee under both the Management Agreement and Administrative Agreement, in addition to a recovery of costs incurred by CCPL in the performance of its duties. CCPL has approximately 22 employees.

Financial Position

84. CCPL's condensed balance sheet as at December 20, 2005 is provided in the table below:

CCPL - balance sheet	20-Dec-05
	$000's
Assets	
Cash	3,026
Accounts receivable	1,054
Other assets	2,595
Fixed assets	6,477
Premium purchase price	11,062
Total current assets	24,214
Inter-company receivables	45,917
Investments	92,935
Total assets	**163,066**
Liabilities	
Other liabilities	20,009
Manager Loan to CCT	35,920
Due to CCEL	146,124
Due to CCNG	59,082
Other inter-company	84
Total liabilities	261,219
Capital contribution CCEL	58,659
Retained deficit	(156,812)
Total liabilities and shareholders' deficit	**163,066**

Assets

85. CCPL's assets as at December 20, 2005 comprise cash on hand, accounts receivable, other assets, inter-company receivables, and investments in subsidiaries. Any value attributable to the various agreements held by CCPL including the Management Agreement, Administration Agreement, Island O&M and CEC O&M is not reflected in the December 20, 2005 balance sheet.

Current assets

86. CCPL's current assets as at December 20, 2005 consist of:

a. Cash of approximately $3 million;

b. Accounts receivable of approximately $1.1 million relating to amounts owing under the Management Agreement, Administrative Agreement, Island O&M and CEC O&M;

c. Other assets consist of $2.6 million relating primarily to a discount to the Manager Loan that is being amortized over the life of the Manager Loan (defined below);

d. Fixed assets include office furniture, computer equipment and other miscellaneous assets; and

e. Premium purchase price of $11 million relating to the acquisition of the Island Cogen Facility and Whitby Cogen Facility. The premium purchase price comprises the price paid in excess of the facilities' book value. The premium purchase price is being amortized over 35 years.

Inter-company receivables

87. CCPL's inter-company receivables total approximately $46 million and are summarized in the following table.

CCPL inter-company recivables	20-Dec-05	Note
	$000's	
Due from:		
CCICX	32,694	**a**
CORPX	11,071	**b**
CACCI	1,235	**c**
INTLX	455	**d**
CLP	234	**e**
ELKFA	220	**f**
Other	8	**g**
Total	45,917	

a. The amount due from CCICX totals $32.7 million and relates to transactions surrounding the purchase of the Island Cogen Facility and Whitby Cogen Facility. In F2001, CCPL advanced approximately $333 million to CCICX to complete the purchase of the Island Cogen Facility and Whitby Cogen Facility and charged interest to CCICX on this amount between F2001 and F2002. In F2002, in conjunction with the creation of CPIF, the Island Cogen Facility was transferred to CLP and CLP received a $36 million participating debenture from CCICX (the "Participating Debenture") relating to the Whitby Cogen Facility. As part of this transaction, $300.3 million of CCPL's original loan (including accrued interest) to CCICX was repaid, resulting in the $32.7 million remaining inter-company balance.

Management has advised that, while the terms of the remaining inter-company loan with CCICX were not formally documented, CCPL has considered the loan to be subordinated the Participating Debenture. Management of CCPL do not expect repayment of the CCICX loan until the Participating Debenture has been repaid in full. Management further advised that it intends to document the subordination of the CCICX loan through a written agreement. Further review and analysis is required to fully assess the CCICX inter-company receivable and its relative priority in CCICX;

b. A receivable of $11.1 million due from CORPX relates to the following expenses incurred by CCPL on behalf of CORPX:

- Legal and other costs associated with the evaluation of certain acquisitions in the US; and

- Costs associated with the Employee Share Purchase Plan and Stock Option Plan of CORPX.

The expenses were incurred commencing in F2002 and continued through to the date of the Initial Order; however, the majority of the inter-company receivable relates to transactions in F2004 and prior years. The amount due from CORPX has no specified interest rate;

c. $1.2 million due from Calpine International Holdings, Inc. ("CACCI") relates to expenses paid by CCPL in relation to the evaluation of a potential acquisition of a CORPX power plant. It was originally intended that the power plant would be purchased by CCPL and transferred to CPIF but the acquisition was not completed. CORPX and CCPL concluded that the costs incurred relating to the acquisitions should be to the account of CORPX and the costs incurred by CCPL were transferred to CCACI, a US affiliate of CORPX. The inter-company amount due from CACCI has no specified rate of interest;

d. The amount due from Calpine International LLC (“INTLX”) for $455,000 relates to legal bills paid by CCPL on behalf of INTLX. The legal invoices related to the Greenfield Project (defined below) with the majority of the invoices being paid by CCPL in December 2005;

e. A receivable of $234,000 from CLP relates to services provided under the CEC O&M ;

f. An amount due from Calpine Island Cogeneration Limited Partnership (“ELKFA”) of $220,000 relates to amounts owing under the Island O&M and for stock compensation expenses paid by CCPL on behalf of ELKFA; and

g. Other miscellaneous inter-company receivables for $8,000.

Investments

88. CCPL has investments in each of CCNG, CCICX and CLP. A continuity of CCPL’s investments in affiliates from December 2004 to the date of the Initial Order is summarized in the table below:

CCPL's investments	Dec 31/04	Change	Dec 20/05
	$000's	$000's	$000's
CCNG (4.33% partnership interest)	-	(2,493)	(2,493)
CLP (30% - B units)	114,991	(19,563)	95,428
CCICX (100% common shares)	-	-	-
Total	114,991	(22,056)	92,935

89. CCPL's investments in subsidiaries includes:

a. A 4.33% partnership interest in CCNG. The negative investment of $2.5 million is due to returns of capital by CCNG in excess of CCPL's original capital investment. As discussed in further detail below, CCNG is a partnership with its partners comprising CCPL and CCRC. CCNG formerly held significant oil and gas assets, all of which were sold in F2004;

b. Class B Units of CLP representing a 30% subordinated interest in CLP. CLP is a Canadian limited partnership holding indirect economic interests in three power generating plants in Canada. CPIF holds a 70% priority interest in CLP. The book value of approximately $95 million is not reflective of the market value of the B Units. The reduction in CCPL's investment by $19.5 million in F2005 was a result of B Unit distributions which were a return of capital; and

c. 100% ownership of CCICX which owns 50% of a Canadian limited partnership which owns the Whitby Cogen Facility. The book value of CCPL's investment in CCICX of $100 is not reflective of the market value of CCICX's interest in the Whitby Cogen Facility. The Whitby Cogen Facility is a 50 MW combined cycle cogeneration facility located in Whitby, Ontario.

Liabilities

Other liabilities

90. CCPL's other liabilities as at December 20, 2005 of approximately $20 million are summarized in the table below:

Other liabilities	$000's
Deferred income taxes payable	19,369
Current income taxes payable	576
Other liabilities	64
Total other liabilities	20,009

Manager Loan

91. As at December 20, 2005, CCPL owes CCT approximately $35.9 million relating to a loan agreement dated April 14, 2004 (the "Manager Loan"). The Manager Loan had an original face amount of $53.4 million, which has been paid down to approximately $35.9 million as at December 20, 2005. The Manager Loan bears interest at 13.0% per annum and requires CCPL to make monthly blended interest and principal payments as set out in the Manager Loan. The Manager Loan is secured by a pledge of CCPL's B Units, including CCPL's rights to receive distributions under the Class B Units. The Manager Loan is also secured by:

   a. Pledge agreement dated May 19, 2004 between CCPL and CCT whereby CCPL pledged certain of its assets (the B Units) as security relating to the Manager Loan;

   b. A Guaranty and Security Agreement dated May 19, 2004 between Calpine King City Cogen, LLC ("King City") and CCT whereby King City guaranted the Manager Loan; and

   c. A Guaranty Depository Agreement dated May 19, 2004 amongst King City and certain King City related entities and CCT.

92. CCPL has made all required monthly payments under the Manager Loan up to and including February 28, 2006 and Management advises, that it intends to pay the required March 31 loan payment.

Inter-company payables

93. CCPL's inter-company obligations as at December 20, 2005 include:

   a. An inter-company payable of approximately $146.1 million to CCEL relating to amounts advanced by CCEL to CAENG with respect to the construction of the CEC. CAENG was amalgamated with CCPL on January 1, 2005. The amount due to CCEL is supported by a $143 million promissory note dated August 29, 2002 which bears interest at 12.345% per annum;

b. An inter-company payable of $59.1 million to CCNG comprised of $49 million in net advances and $10 million in accrued interest. The inter-company advances by CCNG to CCPL commenced in F2002 and primarily relate to costs for the construction of the CEC. The payable is not supported by a promissory note; however interest was accrued on the inter-company balance at an interest rate that was based on the blended cost of capital of CCPL; and

c. Other miscellaneous inter-company payables total approximately $84,000.

Equity Transactions

94. CCEL owns all the issued and outstanding shares of CCPL and a continuity of CCEL's investment in CCPL is summarized in the table below.

CCPL - Capital account	Dec 31/04	Change	Dec 20/05
	$000's	$000's	$000's
CCEL	72,368	(13,709)	58,659

95. CCEL's equity in CCPL was reduced by approximately $13.7 million in F2005 primarily due to the amalgamation of CAENG with CCPL. CAENG was a wholly owned subsidiary of CCPL that held certain oil and gas interests (these oil and gas interests were transferred to CCNG in F2001) and constructed the CEC.

Other Potential Claims

96. CCPL is a partner of CCNG, an unlimited liability partnership. Accordingly, CCPL will be liable, on a joint and several basis, for any claims against CCNG that exceed the partnership's assets. The financial position of CCNG should be considered when evaluating CCPL's financial position.

97. A preliminary review of outstanding litigation filed against CCPL discloses the following actions:

a. A statement of claim filed by Conoco-Phillips Canada against CAENG; and

b. A statement of claim filed by Talisman Energy Inc. against CAENG.

98. Due to the uncertainty of the outcomes of the above two legal actions, no value has currently been assigned to the claims and no liability has been recorded relating to these claims in the financial statements as at December 20, 2005.

99. A review of the PPR search indicated the following parties with security registered against CCPL:

a. CLP – the registration claims security over assets including accounts, instruments, money, securities and any intangibles comprising or relating to any of the foregoing as charged by a security agreement dated August 29, 2002;

b. CCT – the registration claims security over assets including all securities, instruments, money and intangibles of CCPL arising under its status as a partner of CLP, including all ownership and beneficial interests of CCPL in and to CLP; and

c. Workers' Compensation Board ("WCB") – has registered a secured claim in relation to a disputed amount claimed to be owing to WCB in the amount of $17,483.

CCPSL

CALPINE CANADA POWER SERVICES LTD. ("CCPSL")

100. Calpine Canada Power Services Ltd. ("CCPSL") is incorporated under the laws of Ontario and is a wholly owned subsidiary of CCPL. CCPSL does not have any assets, liabilities or employees and has had no business activity since being incorporated.

CCRC

CALPINE CANADA RESOURCES COMPANY ("CCRC")

Purpose and Background of CCRC

101. CCRC is an unlimited liability company incorporated under the laws of Nova Scotia with its head office in Calgary, Alberta. CCRC is wholly-owned by CCEL. CCRC in turn is a holding company and financial intermediary with the following principal holdings:

   a. 100% of the issued and outstanding shares of ULC2, CNGSL, 3094479 Nova Scotia Company ("309NS") and Calpine European Finance, LLC ("CEURF"), a Delaware limited liability company with subsidiary holdings in Europe (the "European Holdings"). European Holdings is discussed at Appendix E and an organization chart of European Holdings is attached at Appendix F; and

   b. The following partnership interests:

      i. 95.67% partnership interest in CCNG;

      ii. A partnership interest in CESCA representing 49% of the partnership units, which units are entitled to recieve 99% of the partnership income; and

      iii. A 98.93% limited partnership interest in Saltend LP.

102. CCRC was a material holding company within the Group that historically held the operating assets related to the oil and gas operations. CCRC received advances from other Calpine entities (primarily CCEL and ULC2) and used these funds to indirectly acquire assets including the Oil & Gas Assets and Saltend.

103. CCRC currently has no ongoing operations other than interest income and expenses relating to inter-company balances and ongoing general and administrative expenses. CCRC has no employees.

Financial Position

104. A condensed balance sheet for CCRC is provided in the table below:

CCRC - balance sheet	20-Dec-05
	$000's
Assets	
Cash	18,544
Other assets	18,059
Due from CCNG	61,804
Due from QCH	156,082
Due from CJHLX (remaining Saltend proceeds)	261,622
ULC1 Senior Notes	422,263
Due from 309NS	1,754
Investments in subsidiaries	(185,166)
Total assets	**754,962**
Liabilities	
Other liabilities	35,638
Due to CCEL	2,081,381
Due to ULC1	1,846
Due to CESCA	5
Due to ULC2	663,364
Total liabilities	2,782,234
Capital contribution CCEL	(830,453)
Retained deficit	(1,196,819)
Total liabilities and shareholders' deficit	**754,962**

Assets

105. The table above indicates that the majority of CCRC's assets comprise cash, accounts receivable, ULC1 Senior Notes, inter-company receivables and its investments in its subsidiaries.

Other assets

106. CCRC's $18.1 million in other assets consists of $17.4 million in accrued interest relating to CCRC's holdings of ULC1 Senior Notes (discussed below) and miscellaneous accounts receivable of approximately $700,000.

Due from CCNG

107. CCNG owes CCRC $61.8 million as at December 20, 2005 relating to $44.4 million in inter-company receivables, a $13 million note receivable and $4.4 million of accrued interest relating to the note.

108. The inter-company receivable balance of $44.4 million comprises miscellaneous expenditures paid by CCRC on behalf of CCNG commencing in June 2001 and continuing through to the date of the Initial Order. The inter-company balance is not supported by a note payable.

109. The $13 million note receivable from CCNG is dated January 31, 2005 and bears interest at 29.290% per annum.

Due from QCH

110. QCH owes CCRC approximately $156 million as at December 20, 2005 relating to the following promissory notes:

Due from QCH	**Issue date**	**Due date**	**Face amount**	**Repayments**	**Current balance**	**Interest rate**
			$000's	**$000's**	**$000's**	
Promissory note	29-Oct-04	27-Apr-05	159,267	(137,255)	22,012	8.500%
Promissory note	23-Dec-04	23-Jun-05	124,170	9,598	133,768	8.500%
Sub-total					155,780	
Accrued interest and other					302	
Total					156,082	

111. Approximately $137 million in repayments were made by QCH against the October 29, 2004 promissory note from April to October, 2005. The increase in the December 23, 2004 promissory note of approximately $9.6 million relates to capitalized interest. The advances from CCRC to QCH were funded from proceeds received from the sale of certain oil & gas assets in September 2004 which were held by CCRC through its partnership interest in CCNG. The advances to QCH were made to provide QCH with working capital.

Due from Calpine (Jersey) Holdings Limited ("CJHLX")

112. CJHLX owes CCRC approximately $262 million as at December 20, 2005. CJHLX is an indirect subsidiary of CCRC and is registered in Jersey, Channel Islands. The inter-company receivable relates to the net proceeds remaining on hand from the sale of Saltend. Approximately US$219 million remains in the bank accounts of Calpine UK Holdings Ltd. ("CUKHL"), an indirect subsidiary of CCRC and a direct subsidiary of CJHLX. See Appendix E for further discussion of the transactions relating to the sale of Saltend. Attached at Appendix F is an illustration of the inter-company receivable balances between CCRC, CJHLX and CUKHL relating to the remaining proceeds from the sale of Saltend.

ULC1 Senior Notes

113. CCRC currently holds approximately $422 million (face value) of ULC1 Senior Notes. Effectively, CCRC received the ULC1 Senior Notes in July, 2005 from QCH to repay 'in kind' approximately $340 million in inter-company advances (US$278 million) owing by QCH to CCRC. The transactions were related to sale of Saltend as discussed at Appendix E.

114. The $340 million amount represents the price QCH (or its affiliates) acquired the ULC1 notes for in the open market and the difference from the face value represents the discount amount as illustrated in the table below:

ULC1 payment in kind	**C$000's**	**US$000's**
Face value of ULC1 notes (note a)	445,034	359,770
Repayment of advances (note b)	(339,913)	(277,798)
Discount to face value (note c)	105,121	81,972

Note (a) Balance in July 2005, reduced to $442 million at Dec 20/05.
Note (b) Effectively a repayment 'in kind' by QCH to CCRC
Note (c) Recorded as an accounting gain in F2005 by CCRC.

Due from 309NS

115. 309NS owes CCRC approximately $1.7 million as at December 20, 2005. The loan relates to the incorporation of 309NS and the creation of Saltend LP, both on October 21, 2004. The loan is supported by a promissory note dated November 15, 2004 and bears interest at 11% per annum.

Investment in subsidiaries

116. A summary of CCRC's investments in subsidiaries from December 2003 to the date of the Initial Order is summarized in the table below:

CCRC's investments	%	Dec 31/03	F2004 change	Dec 31/04	F2005 change	Dec 20/05	Note
		$000's	$000's	$000's	$000's	$000's	
CCNG (Partnership)	95.67%	628,828	(977,631)	(348,803)	-	(348,803)	a
Saltend LP (Partnership)	98.93%	-	155,657	155,657	(12,002)	143,655	b
CNGSL	100.00%	-	-	-	-	-	c
ULC2	100.00%	1	-	1	-	1	d
CESCA (Partership)	49.00%	1	-	1	4	5	e
CEURF	100.00%	1,260,888	(502,094)	758,794	(738,818)	19,976	f
309NS	100.00%	-	-	-	-	-	g
Total		1,889,718	(1,324,068)	565,650	(750,816)	(185,166)	

117. Our comments with respect to CCRC's investments in its subsidiaries are:

a. CCNG is a partnership formed to hold certain oil and gas assets which were contributed by its partners, namely CCRC, CCNGC and CCPL. The negative investment balance in CCNG relates to the proceeds from the sale of CCNG's oil and gas assets in F2004 (sale to Prime West Energy Trust) that resulted in returns of capital by CCNG to its partners in excess of the original capital contribution as summarized in the table below:

CCNG return of capital	$000's
September 2004	687,424
December 2004	290,207
Return of capital	977,631

b. Saltend LP was formed in F2004 to hold ULC2 Senior Notes as security in relation to a sale of preferred shares by CJLXX in October 2004. Saltend LP was formed by its partners (CCRC and 309NS) contributing ULC2 senior notes. CCRC's investment in Saltend LP decreased by $12 million in F2005 due to the distribution by Saltend LP of the interest it received on its holdings of ULC2 Senior Notes, as discussed below. CCRC is a limited partner in Saltend LP;

c. CCRC is the sole shareholder of CNGSL. CNGSL is now a dormant company with no operations, no assets and inter-company liabilities of approximately $5 million;

d. CCRC is the sole shareholder of ULC2. ULC2 is discussed in further detail below;

e. CCRC has a 49% partnership interest in CESCA. CESCA's operations are discussed in further detail below; and

f. CCRC is the sole shareholder of CEURF. CEURF is essentially the top holding company for a series of companies comprising the European Holdings. The European Holdings main assets comprise an investment in Thomassen Turbines

Systems, B.V. and $US220 million in remaining proceeds from the sale of Saltend. The European Holdings, CJLXX financing and sale of Saltend are discussed in Appendix E. The decrease in CCRC's investment in CEURF primarily relates to returns of capital by CEURF to CCRC as summarized in the table below:

Investment in CEURF	$000's	Explanation
F2001	1,251,912	- CCRC's initial investment in CEURF (effectively Saltend)
Change in F2002	-	
F2002	1,251,912	
Change in F2002	8,461	
F2003	1,260,373	
Change in F2004	(501,579)	- Return of capital resulting from CJLXX issuance of pref. shares
F2004	758,794	
Change in F2005	(738,818)	- Return of capital resulting from sale of Saltend.
F2005	19,976	

Liabilities

118. CCRC's liabilities at as December 20, 2005 include:

a. Other liabilities of approximately $35.6 million relating primarily to deferred income taxes;

b. An inter-company payable to CCEL of approximately $2.1 billion relating to advances by CCEL to CCRC as discussed above under CCEL; and

c. An inter-company payable to ULC2 of $663.4 million relating to advances by ULC2 to CCRC that occurred in F2001. These advances are supported by two debentures. The ULC2 advances were made in conjunction with ULC2 obtaining a US$400 million bridge loan and the issuance of senior notes by ULC2, as discussed below. A summary of the debentures issued by CCRC to ULC2 is provided in the table below:

Advances by ULC2 to CCRC	**Cdn $000's**	**GBP 000's**	**Interest rate**	**Note**
Debenture dated August 23, 2001 (issued in GBP)	563,450	274,400	10.331%	**a**
Debenture dated October 26, 2001 (issued in C$)	60,636		10.331%	**b**
Inter-company advance	27,269			
Interest and inter-company receivables	12,009			
	663,364			

Note
a) Interest rate resets to 9.65% on August 21, 2006
b) Interest rate resets to 9.65% on October 18, 2006

119. The October 26, 2001 debenture was issued in Canadian dollars and bears interest at 10.331% per annum. The August 23, 2001 debenture was issued in GBP and bears interest at 10.331% per annum. The miscellaneous inter-company advances by ULC2 to CCRC of approximately $27.3 million relate to surplus funds on hand at ULC2 that were loaned to CCRC. These advances do not have any specified interest rate.

120. The proceeds CCRC received from ULC2 were loaned to other Calpine entities pursuant to inter-company loans with the proceeds being used to acquire certain assets including Saltend and certain oil and gas assets.

Equity Transactions

Contributed capital account

121. CCEL owns all the issued and outstanding shares of CCRC and a summary of CCEL's investment in CCRC is summarized in the table below:

CCRC - capital account	F2003	Change F2004	F2004	Change F2005	F2005
CCNGC	258,000	(1,149,464)	(891,464)	891,464	-
CCEL - contributed capital	11,000	50,012	61,012	(891,464)	(830,452)
	269,000	(1,099,452)	(830,452)	-	(830,452)

122. As at December 31, 2003, CCRC's capital account indicated that CCNGC had contributed capital of approximately $258 million; however, CCNGC did not have any ownership in CCRC as CCEL was the sole shareholder at this time. On January 1, 2004, CCNGC and CCRC were amalgamated. A series of accounting entries were made to reflect the amalgamation of CCNGC and CCRC which resulted in CCNGC having a negative capital contribution of approximately $891 million at December 31, 2004. Effectively, as a result of the amalgamation with CCNGC in January 2004, CCRC's shareholder equity was reduced by approximately $1.15 billion and its liabilities increased by a corresponding amount as a result of CCRC recording a $1.15 billion promissory note dated August 14, 2001 due to CCEL by CCNGC.

123. Management advised that the negative capital contribution of $891 million occurred because CCNGC was originally accounted for on a 'pooling basis' and its investment was originally recorded at $258 million, whereas the consideration actually paid was approximately $1.15 billion (a difference of approximately $891 million).

124. Management further advised that the accounting for CCRC's capital contribution was inaccurate because CCNGC did not have any ownership interest in CCRC. Accordingly, in F2005 the negative capital contribution balance from CCNGC was transferred to CCEL as CCEL is the sole shareholder of CCRC. Upon consolidation of QCH and its

Canadian subsidiaries, the accounting adjustment would be eliminated and only affected CCRC on an unconsolidated basis.

125. The net effect of the above transactions was that through a series of accounting entries CCEL's capital account in CCRC decreased from $269 million in F2004 to negative $830 million in F2005.

Shareholders' deficit

126. The condensed balance sheet of CCRC as at December 20, 2005 indicates a retained deficit of approximately $1.2 billion. The following table provides a continuity of the CCRC's retained earnings since F2001:

CCRC - Retained earnings	**Cumulative retained deficit**	**Annual change**
	$000's	**$000's**
F2001	(25,987)	
F2002	(286,105)	(260,118)
F2003	(408,461)	(122,356)
F2004	(1,026,465)	(618,004)
F2005	(1,196,819)	(170,354)

127. The significant increase in CCRC's retained deficit since F2001, as illustrated in the table above, was due to accumulation of net losses as a result of significant interest expenses on the debts owing to CCEL and ULC2, with no significant revenues in the last three years after the sale of CCRC's oil and gas interests in CCNG and CCNGC.

128. CCRC losses have resulted in the accumulation of significant tax pools, which may have value.

Other Potential Claims

129. Preliminary litigation searches indicate eight legal actions on record against CCRC in the Court of Queen's Bench of Alberta. Due to the uncertainty of the outcomes of these legal actions, no value has currently been assigned to these contingent claims and no liabilities have been recorded relating to these claims in CCRC's financial statements.

130. Harbert Distressed Investment Master Fund, Ltd. filed proceedings in Nova Scotia naming ULC2 and CCRC as respondents (the “Harbert Litigation”). The Harbert Litigation involves a dispute over the use and entitlement of the proceeds that resulted from the sale of Saltend. The Supreme Court of Nova Scotia issued an interim order in the Harbert Proceedings dated July 27, 2005, which was continued by Reasons for Decision dated August 2, 2005, that called for CCRC to maintain control of the net proceeds of the sale of Saltend until a final order of the Court was entered identifying certain “Eligible Bondholders” and requiring CCRC to maintain in its control an amount of net proceeds equal to the face value amount of the bonds held by those “Eligible Bondholders” (later determined to be approximately $50 million).

131. The net proceeds of the Saltend sale remain in the bank account of CUKHL, an indirect subsidiary of CCRC, as entry of the final order referenced abovue was stayed by commencement of these CCAA proceedings. Saltend and the related remaining funds from the sale are discussed in Appendix E.

132. A review of the PPR searches indicates seven parties have registered security against CCRC. The registrations primarily relate to security registered against oil and gas related assets which have been sold by CCRC. Accordingly the security should be discharged.

133. The PPR search indicates that Credit Suisse First Boston has registered security over all present and after-acquired property of CCRC. The security relates to a transaction completed by CJLXX in October 2004 where preferred shares were raised and CCRC granted certain security. The preferred shares have been repaid and accordingly the security held by Credit Suisse First Boston should be discharged.

134. CCRC is an unlimited liability partner with respect to its investment in CCNG and CESCA. Accordingly CCRC is liable for any and all claims against each of these partnerships that exceed the partnership's assets. The liabilities of both CCNG and CESCA therefore should be considered when reviewing CCRC. As noted below, CCRC is the sole shareholder of ULC2, which is also an unlimited liability company incorporated under the laws of Nova Scotia. ULC2 owes in excess of $658 million to the holders of ULC2 Senior Notes as described below. The extent to which this structure exposes CCRC to that liability is not yet clear to the Monitor. CCRC is a limited partner with respect to the Saltend LP and therefore, no additional claims are expected as a result of that investment.

ULC2

CALPINE CANADA ENERGY FINANCE II ULC ("ULC2")

Purpose and Background of ULC2

135. ULC2 is an unlimited liability company incorporated under the laws of Nova Scotia with its head office in Calgary, Alberta. ULC2 is wholly owned by CCRC. ULC2 is a special purpose financing subsidiary of CCRC. ULC2 was organized in July 2001 for the sole purpose of raising funds for the business operations of CORPX and its various subsidiaries as more fully set out in a prospectus dated October 11, 2002.

136. ULC2 obtained a US$400 million bridge loan on August 22, 2001 with the proceeds from the loan being advanced to CCRC. Subsequent to the bridge loan, ULC2 completed two financings for a total of approximately $657.8 million from the issuance of senior notes, as summarized in the table below.

ULC2's Senior Note Offerings	000's	Interest rate %
October 2001 (issued in GBP)	£200,000	8.875%
October 2001 (issed in Euro)	€ 175,000	8.375%
Canadian dollar equivalent	C$657,822	

137. ULC2's offering documents relating to the sale of its senior notes did not specifically state the use of the funds other than to advise that the related proceeds would be advanced to CORPX and its affiliates pursuant to one or more inter-company loans**.** The offering documents advised that ULC1 expected to use a portion of the funds to repay the US$400 million bridge loan dated August 22, 2001. ULC2 used a portion of the proceeds raised from the issuance of senior notes in October 2001, to repay the bridge loan with the remaining funds being advanced to CCRC.

138. In summary, ULC2 is a single purpose financing entity that raised funds (initially through a bridge loan and then through the issuance of senior notes) and subsequently advanced these funds to CCRC. ULC2 has no sources of revenue other than interest income

relating to the term debentures issued by CCRC and its only expenses comprise ongoing general and administrative expense and interest expense. ULC2 has no employees.

Financial Position

139. A condensed balance sheet for ULC2 is provided in the table below:

ULC2 - balance sheet	20-Dec-05
	$000's
Assets	
Cash	2,399
Other assets	16,047
Due from CCNG	9
Due from QCH	14
Due from CCRC	663,364
Due from 309NS	15
Total assets	**681,848**
Liabilities	
Accrued interest	6,462
Senior Notes (held by 3rd parties)	412,495
Senior Notes (held by Saltend LP)	245,327
Due to CORPX	445
Due to CCEL	68
Due to ULC1	16
Total liabilities	664,813
Capital contribution CCRC	1
Retained earnings	17,034
Total liabilities and equity	**681,848**

Assets

140. ULC2's significant assets at December 20, 2005 include:

a. Other assets of approximately $16 million consisting of deferred income tax of $12 million and accrued income tax recoverable of $4 million; and

b. CCRC owes ULC2 approximately $663 million. As discussed above, CCRC issued two term debentures to ULC2 in F2001 for GBP274 million and C$60.6 million. The debentures relate to funds advanced by ULC2 to CCRC in conjunction with ULC2 financing initiatives including its bridge loan and issuance of senior notes. ULC2 also advanced CCRC approximately $27 million in inter-company advances that have no specific rate of interest.

Liabilities

141. ULC2's liabilities at December 20, 2005 primarily consist of accrued interest and amounts owed from ULC2's issuance of the ULC2 senior notes, as described below, and an inter-company payable to Saltend LP.

ULC2 Senior Notes

142. In F2001, approximately $657.8 million in senior notes were issued by ULC2, pursuant to a prospectus dated October 11, 2001. ULC2 issued £200,000,000 of 8.875% Senior Notes due October 15, 2011 and €175,000,000 of 8.375% Senior Notes due October 15, 2008, (collectively, the "ULC2 Senior Notes") pursuant to an Indenture dated October 18, 2001 between ULC2 and Wilmington Trust Company, as trustee, as supplemented by the First Supplemental Indenture dated October 18, 2001.

143. The October 11, 2001 prospectus indicated that the funds raised from the ULC2 Senior Notes would be lent to CORPX or its affiliates, as applicable, pursuant to one or more inter-company loans. All of the ULC2 Senior Notes are unsecured obligations of ULC2 that are fully and unconditionally guaranteed by CORPX pursuant to a Guarantee Agreement made by CORPX, as guarantor, dated October 18, 2001, as amended by the First Amendment to Guarantee Agreement dated October 18, 2001. The guarantee by CORPX relates only to the amounts owing under the ULC2 Senior Notes and does not apply to any other liabilities of ULC2.

144. ULC2's ability to fund interest payments on the ULC2 Senior Notes is dependent upon the payment of interest by CCRC pursuant to notes issued by CCRC in favour of ULC2. Attached as Appendix D is a chart summarizing the issuance of the ULC2 Senior Notes.

145. As at December 20, 2005, of the $657.8 million in ULC2 Senior Bonds, approximately $412 million are held by third parties and the remaining $245 million are held by Saltend LP, as illustrated in the table below:

Holders of ULC2's Senior Note	Notes issued in GBP	Notes issued in Euros	Canadian equivalent
	GBP000's	€000's	C$000's
Third parties	121,409	117,360	412,495
Saltend LP	78,591	57,640	245,327
Total (including accrued interest)	200,000	175,000	657,822

146. Details of the ULC2 Senior Notes held by Saltend LP are discussed under Saltend LP below.

Other Potential Claims

147. A review of the PPR search indicated that there are no parties with security registered against ULC2.

148. ULC2 is subject to the Harbert Litigation as discussed above.

CESCL

CALPINE ENERGY SERVICES CANADA LTD. ("CESCL")

Purpose and Background of CESCL

149. Calpine Energy Services Canada Ltd. ("CESCL") was incorporated under the laws of Alberta with its head office in Calgary, Alberta and is a wholly owned subsidiary of Calpine Global Investments, S.L., a Spanish company. CESCL is effectively a holding company and currently has no employees or active operations. CESCL's only assets include its 50% interest in CM Greenfield Power Corporation's 0.01% ownership in the Greenfield Project and its partnership interest in CESCA, both described in further detail below.

Financial Position

150. A condensed balance sheet of CESCL as at December 20, 2005 is provided in the table below:

CESCL - balance sheet	20-Dec-05
	$000's
Assets	
Cash	98
Investments in non-affiliates	9
Total assets	**107**
Liabilities	
Due to ULC1	107
Total liabilities	107
Retained earnings	-
Total liabilities and equity	**107**

151. CESCL's only significant assets are cash and CESCL's investments in subsidiaries as summarized below:

a. A 50% ownership of the issued and outstanding common shares of CM Greenfield Power Corporation which is the general partner in Greenfield Energy Centre, LP, a joint venture between the Calpine Group and Mitsui Co. Ltd., formed for the purpose of procuring, constructing and owning a natural gas powered electricity generating facility (the “Greenfield Project”) in St. Claire Township, Ontario. Through its percentage ownership of CM Greenfield Power Corporation, CESCL’s indirect ownership of the Greenfield Project is 0.005%;

b. Ownership of 100% of the issued and outstanding shares of Calpine Greenfield Ltd., the general partner of Calpine Greenfield Limited Partnership, a limited partnership that is presently the party responsible for the engineering, procurement and construction of the Greenfield Project; and

c. A 51% partner in CESCA with entitlement to 1% of the income[1].

Liabilities and Other Potential Claims

152. CESCL’s only recorded liabilities as at December 20, 2005 represent a $107,000 payable to ULC2 relating to certain expenses paid by ULC2 on behalf of CESCL.

153. A PPR search indicated that Nova Gas Transmission Ltd. (“Nova”) has filed a registration claiming security relating to a cash collateral agreement in relation to a transportation contract held by CESCL. Nova held approximately U$3.9 million in letters of credit granted by CORPX and applied the proceeds from these letters of credit in January 2006 against pre-petition obligations owing under the transportation contract. Post-petition amounts owing to Nova under the transportation agreement continue be made in the normal course with CORPX funding the required obligation on behalf of CESCL. CESCL is currently evaluating the Nova contract to determine its value.

154. CESCL is a partner in CESCA, an unlimited liability partnership. Accordingly, CESCL will be liable on a joint and several basis for any claims against CESCA to the extent CESCA’s claims are in excess of its assets. The financial position of CESCA should be considered when evaluating CESCL’s financial position.

[1] CCRC holds the remaining 49% of CESCA and receives 99% of its income.

CESCA

CALPINE ENERGY SERVICES CANADA PARTNERSHIP ("CESCA")

Purpose and Background of CESCA

155. CESCA was formed under the laws of Alberta. The two partners in CESCA are CCRC and CESCL. CESCA's principal business is in the purchase, sale and transportation of electricity and natural gas, including the transportation of natural gas via third party pipelines to CORPX related power plants.

156. Pursuant to a tolling agreement with CLP, CESCA purchased all of the electricity generating capacity of the CEC and provided the fuel required by that facility. CESCA repudiated the tolling agreement in January 2006. CESCA's operations have been significantly curtailed since the Initial Order due to the reduction in transactions with Calpine's US entities and the cancellation of the tolling agreement with CLP for the CEC.

Financial Position

157. A condensed balance sheet for the CESCA is provided in the table below:

CESCA - balance sheet	20-Dec-05
	$000's
Assets	
Accounts receivable	28,441
Prepaid expenses	8,139
Fixed assets	(4,503)
Other assets	1,090
Due from CES	82,119
Due from other inter-company	579
Total assets	**115,865**
Liabilities	
Accounts payable	22,928
Due to CCNG	186,078
Due to CEMLP	19,403
Due to CCEL	4
Due to CLP	2,044
Total liabilities	230,457
Capital contribution - CCRC	5
Retained deficit	(114,597)
Total liabilities and equity	**115,865**

Assets

158. CESCA's assets as at December 20, 2005 include:

a. $28.4 million of accounts receivable comprising $13.9 million of GST recoveries which were received subsequent to the Initial Order and $14.5 million of third party accounts receivable;

b. Approximately $8.1 million in deposits placed by CESCA in support of its various agreements. It is anticipated that these deposits will be applied by the creditor holding the deposit against CESCA's pre-petition obligations. The majority of deposits required by CESCA in relation to the various contracts and agreements it held were posted by CORPX on behalf of CESCA;

c. The negative fixed asset balance of approximately $4.5 million relates to transactions that occurred in August 2002 at the time CPIF was created and relate to a payment by CLP to CESCA under the tolling agreement for the CEC. The payment was recorded as a liability and is being amortized (into income) over the life of the original tolling agreement of 22 years; and

d. An inter-company receivable from Calpine Energy Services, LP ("CES") (a debtor company in the U.S. Chapter 11 proceedings) for approximately $82.1 million relating to gas delivered prior to the Initial Order that remains unpaid.

159. Management is evaluating the various agreements held by CESCA to determine what, if any, potential value they may have. The valuation process has been delayed as any underlying value in CESCA's contracts is in most cases tied to corresponding contracts held CES by which have not been fully valued or analyzed to date. CES is in the process of reviewing its numerous contracts and once this task is complete, CESCA will be able to complete the valuation of its contracts.

Liabilities

160. CESCA's liabilities as at December 20, 2005 include:

a. $22.9 million in trade payables relating primarily to amounts payable prior to the Initial Order due to the purchase of gas and other amounts due under the various agreements held by CESCA;

b. An inter-company payable to CCNG of approximately $186 million primarily relating to the purchase of natural gas in F2004 and prior; and

c. An inter-company payable of $2 million owing to CLP relating primarily for pre-December 20, 2005 amounts owing under the tolling agreement with CLP.

Other Potential Claims

161. A review of the PPR search indicated the following parties with security registered against CESCA:

a. CLP – has filed a registration claiming security over certain of CESCA's present and after acquired property as charged by a security agreement dated August 29, 2002 relating to payment obligations under the tolling agreement with the CEC. CESCA was to provide the security for the CEC tolling payments until the CEC reaches the commercial operating date ("COD"). The security was to terminate when the CEC reached COD. The CEC reached COD prior to the Initial Order and, accordingly, CLP's security should be released.

b. Natural Gas Exchange Inc. ("NGE") – has filed a registration claiming security over money, instruments or amounts provided to CESCA by NGE. As at the date of the Initial Order, NGE was holding approximately US$37.4 million in collateral deposits that had been posted by CORPX, or its subsidiaries. Since December 20, 2005, NGE applied the collateral deposit against CESCA's obligations, reducing CESCA's liability to approximately US$2.6 million.

c. Sempra Energy Trading Corp. ("Sempra") – has filed a registration claiming security over money, accounts and intangibles. As at the date of the Initial Order Sempra held approximately US$6.6 million as security for future payments by CESCA under a transport and capacity agreement.

d. Independent System Operator ("ISO") – has filed a registration claiming security over cash or funds transferred to the ISO by CESCA pursuant to tariffs under the Electric Utilities Act or system access service agreements. As discussed above, CESCA has repudiated its tolling agreement with CEC and all ancillary agreements with ISO have been transferred to CLP or its nominee (see the Fourth Report of the Monitor for further details).

162. As discussed above, CESCA has repudiated its Tolling Agreement with CLP for the CEC. The quantum of CLP's damages claim with respect to the repudiation of the tolling agreement will not be known until a long term replacement toll of the CEC is completed. As at the date of this report, CLP has not yet completed a long-term re-toll of the CEC. CORPX has provided its guarantee to CLP for the obligations of CESCA relating to the Tolling Agreement.

163. CORPX provided security to certain of CESCA's creditors by way of cash deposits or letters of credits in support of certain of CESCA's contracts and agreements. As a result of the CCAA proceedings, certain creditors of CESCA have applied letters of credit or cash deposits they held against pre-petition obligations owing by CESCA. CORPX will have a claim against CESCA for any draws against the LCs or cash deposits it posted. CORPX's claim, if any, against CESCA is not known at this time.

309NS

3094479 NOVA SCOTIA COMPANY ("309NS")

Purpose and Background of 309NS

164. 309NS is an unlimited liability company incorporated under the laws of Nova Scotia with its head office in Calgary, Alberta. 309NS is wholly owned by CCRC and its sole purpose is as the general partner of Saltend LP. 309NS has no employees and no active business.

Financial Position

165. A condensed balance sheet for 309NS is provided in the table below:

309NS - balance sheet	20-Dec-05
	$000's
Assets	
Investment in Saltend LP	1,551
Total assets	**1,551**
Liabilities	
Other liabilities	232
Due to CCEL	8
Due to CCRC	1,754
Due to ULC2	15
Total liabilities	2,009
Retained deficit	(458)
Total liabilities and equity	**1,551**

166. 309NS's sole asset comprises its 1.07% partnership interest in Saltend LP. CCRC holds the remaining 98.93% partnership interest in Saltend LP.

167. 309NS's liabilities at December 20, 2005 include:

a. Other liabilities of $232,000 comprising deferred income tax;

b. CCRC is owed approximately $1.7 million from 309NS in relation to the incorporation of 309NS in F2004. The inter-company balance is supported by a promissory note dated November 15, 2004 and bears interest at 11% per annum; and

c. Other miscellaneous payables to ULC2 and CCEL.

168. 309NS is the general partner of Saltend LP and is therefore liable for any partnership claims that exceed partnership assets. The financial position of the Saltend LP should be considered when evaluating the financial position of 309NS.

169. A review of the PPR search indicates that Credit Suisse First Boston has filed a registration claiming security against all of 309NS's present and after acquired property. The security relates to a financing in October 2004 by CJLXX of which 309NS provided security. CJLXX redeemed the preferred shares with respect to the October 2004 financing and the security should be discharged.

Saltend LP

CALPINE CANADIAN SALTEND L.P. (“Saltend LP”)

Purpose and Background of Saltend LP

170. Saltend LP is a limited partnership under the laws of Alberta with 309NS as its general partner and CCRC as its sole limited partner. Saltend LP was formed in October 2004 to be a vehicle to hold ULC2 Senior Notes. Saltend LP held the ULC2 Senior Notes which were pledged as security pursuant to the October 2004 financing completed by CJLXX.

171. Saltend LP has no employees and has no operations.

Financial Position

172. A condensed balance sheet for the Saltend LP is provided in the table below:

Saltend LP	**20-Dec-05**
	$000's
Assets	
Cash	10,517
Due from CCEL	21
ULC2 Senior Notes	245,327
Total assets	**255,865**
Liabilities	
Accounts payable	-
Total liabilities	-
Capital contribution CCRC	133,840
Capital contribution 309NS	1,551
Retained earnings	120,474
Total liabilities and equity	**255,865**

173. Saltend LP's only significant assets as at December 20, 2005 comprise $10.5 million in cash and $245 million of ULC2 senior notes (face value). CCRC and 309NS, collectively contributed approximately $245 million in ULC2 senior notes to form Saltend LP as summarized in the table below:

Contribution of ULC2 senior notes	Oct 2004	Dec 2005
ULC2 senior notes at face value (note a)	245,685	245,327
Contributed capital		
CCRC (note b)	155,657	133,840
309NS (note b)	1,681	1,551
	157,338	135,391
Discount to face value (Note c)	88,347	109,936

Note (a) ULC2 senior notes at face value including accrued interest.
Note (b) Decrease in contributed capital represents a return of capital by ULC2 to CCRC and 309NS relating to interest received on the ULC2 senior notes.
Note (c) Discount to face value recorded as an income statement loss for CCRC and an income statement gain for Saltend LP.

174. Saltend LP has no recorded liabilities as at December 20, 2005.

175. A review of the PPR search indicated that Credit Suisse First Boston has filed a registration claiming security over all present and after-acquired personal property of Saltend L.P. This security relates to the CJLXX financing and should be discharged.

CNGSL

CALPINE NATURAL GAS SERVICES LIMITED ("CNGSL")

Purpose and Background of CNGSL

176. CNGSL is a company incorporated under the laws of Alberta, has its head office in Calgary, Alberta, and is a wholly owned subsidiary of CCRC. CNGSL's original purpose was to provide administrative and operating services to the Calpine Natural Gas Trust ("CNG Trust") pursuant to a service agreement.

177. CNG Trust was formed in F2003 by acquiring certain oil and gas properties from CCNG. CCNG's interest in CNG Trust was sold to Prime West Energy Trust in September 2004, effectively ending the operations of CNGSL at that time. CNGSL has had no operating activity in F2005.

Financial Position

178. A condensed balance sheet for CNGSL is provided in the table below:

CNGSL - balance sheet	20-Dec-05
	$000's
Assets	
Total assets	-
Liabilities	
Due to CCNG	5,361
Due to CCEL	3
Total liabilities	5,364
Retained prospectus	(5,364)
Total liabilities and equity	-

179. CNGSL's liabilities as at December 20, 2005 are comprised of an inter-company payable to CCNG with the substantial portion of this payable relating to a break fee of $5.5 million paid by CCNG in December 2002 on behalf of CNGSL. CNGSL was evaluating an oil & gas acquisition that, if acquired, would have been transferred to CNG Trust in exchange for units in the trust. The acquisition did not close and CNGSL did not have sufficient funds to pay the costs associated with the failed transaction so these costs were funded by CCNG.

180. A review of the PPR indicated no security registered against the assets of CNGSL. Management is not aware of any contingent claims that were not recorded as at December 20, 2005.

CCNG

CALPINE CANADA NATURAL GAS PARTNERSHIP (“CCNG”)

Purpose and Background of CCNG

181. CCNG is a partnership formed under the laws of Alberta having CCPL and CCRC as its partners. CCNG was involved in the business and exploration, production and transporting of natural gas.

182. CCNG was created in F2001 by a transfer of certain oil and gas assets from CCNGC, CCRC and CAENG. As discussed above, CCNGC was amalgamated with CCRC and CAENG was amalgamated with CCPL, resulting in CCRC and CCPL being the current partners of CCNG.

183. Substantially all of the underlying assets owned through CCNG have been sold in a series of third party transactions during F2002 and F2003, with the last substantial operating assets being sold in fiscal 2004. CCNG continues to operate bank accounts and is in the process of resolving outstanding accounts receivable and payables post-closing of these sale transactions.

Financial Position

184. A condensed balance sheet for the CCNG is provided in the table below:

CCNG	20-Dec-05
	$000's
Assets	
Cash	33,857
Accounts receivable	36,400
Other assets	956
	71,213
Due from CNGSL	5,361
Due from CACCI	1
Due from CCPL	59,082
Due from CCEL	8,726
Due from CESCA	186,078
Due from CCICX	431
Total assets	**330,892**
Liabilities	
Accounts payable	8,188
Due to ULC1	10
Due to CCRC	61,804
Due to CES	1,944
Due to CORPX	1,763
Due from ULC2	9
Total liabilities	73,718
Capital contribution CCPL	(2,493)
Capital contribution CACCI	33,023
Capital contribution CCRC	(348,803)
Retained earnings	575,447
Total liabilities and equity	**330,892**

Assets

185. CCNG's assets as at December 20, 2005 consist primarily of cash on hand, accounts receivable and inter-company receivables.

186. CCNG's third party accounts receivable total $36.4 million as at December 20, 2005 with $33.6 million relating to the purchase of receivables by CCNG from CES under a factoring agreement (the "Factoring Agreement"). The Factoring Agreement called for CES to sell to CCNG certain of its monthly third party receivables that originated under CES' power purchase and sale agreements. CES collected these sold third party receivables in trust and immediately forwarded those funds to CCNG. Subsequent to the

Initial Order, CCNG collected the receivable relating to the Factoring Agreement and immediately discontinued the arrangement. The cash generated from the final collection under the Factoring Agreement was deposited to CCNG's bank account subsequent to December 20, 2005.

187. CCNG's significant inter-company receivables are comprised of:

a. $5.3 million due from CNGSL relating to a break fee paid by CCNG on behalf of CNGSL;

b. $59 million due from CCPL relating to construction costs associated with the CEC paid by CCNG on behalf of CCPL (as discussed under CCPL);

c. $8.7 million due from CCEL relating to certain expenses funded by CCNG on behalf of CCEL (as discussed under CCEL); and

d. $186.1 million due from CESCA relating to purchases of natural gas by CESCA from CCNG and other operating expenses funded by CCNG. The inter-company balance between CESCA and CCNG relate to transactions throughout F2004 and 2005.

Liabilities

188. CCNG's liabilities as at December 20, 2005 primarily include:

a. Accounts payable of approximately $8.2 million relating to various unresolved claims from CCNG's oil and gas operations;

b. CCNG's payable to CCRC totals approximately $61.8 million as at December 20, 2005 relating to a $44.4 million in inter-company payables, $13 million note payable and $4.4 million of accrued interest relating to the note, as discussed above under CCRC;

c. $1.9 million due to CES relating to hedging costs incurred by the US entity on behalf of CCNG during F2003; and

d. $1.8 million due to CORPX relating primarily to a bonus transfer of $1.3 million in F2003 and costs associated with the stock option plan and employee expenses.

Other Potential Claims

189. A review of the PPR search indicated that there are no parties with security registered against CCNG.

190. CCNG's contingent claims include fourteen legal actions against CCNG (three of which appear to have been discontinued and one in which a Memorandum of Decision has been issued) in the Court of Queen's Bench of Alberta. Due to the uncertainty of the outcomes of these legal actions, no value has currently been assigned to these contingent claims and no liability has been recorded in CCNG's financial statements.

191. Since the Initial Order, CCNG has repudiated a long-term gas supply contract with Northland Power Inc. and Iroquois Falls Power Corp. (collectively, "Northland"). Northland's claim, if any, with respect to the repudiation of the gas supply contract is not known at this time.

Monitor's Summary

MONITOR'S SUMMARY

192. There is significant supporting analysis to this Report that will be made available in an electronic data room ("Data Room"). The Data Room is scheduled to be available commencing April 3, 2006. Access to the Data Room will be granted to creditors and parties having claims against the members of the Group upon the execution of a Confidentiality Agreement ("CA"). A copy of the form of CA, along with directions regarding how to execute a CA with the Applicants, can be obtained from the Monitor's web site at www.ey.com/ca/calpinecanada.

193. Subject to limitations on its ability to disclose certain information which may be considered to be confidential by the Applicants and CCAA Parties, the Monitor is available to review the Fifth Report and its analyses and respond to any specific questions with respect to information contained in the Fifth Report and/or the Data Room with interested parties who have executed a CA.

All of which is respectfully submitted this 30th day of March, 2006.

ERNST & YOUNG INC.
in its capacity as Court Appointed
Monitor of the Applicants and CCAA Parties

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Appendix A

Defined Terms

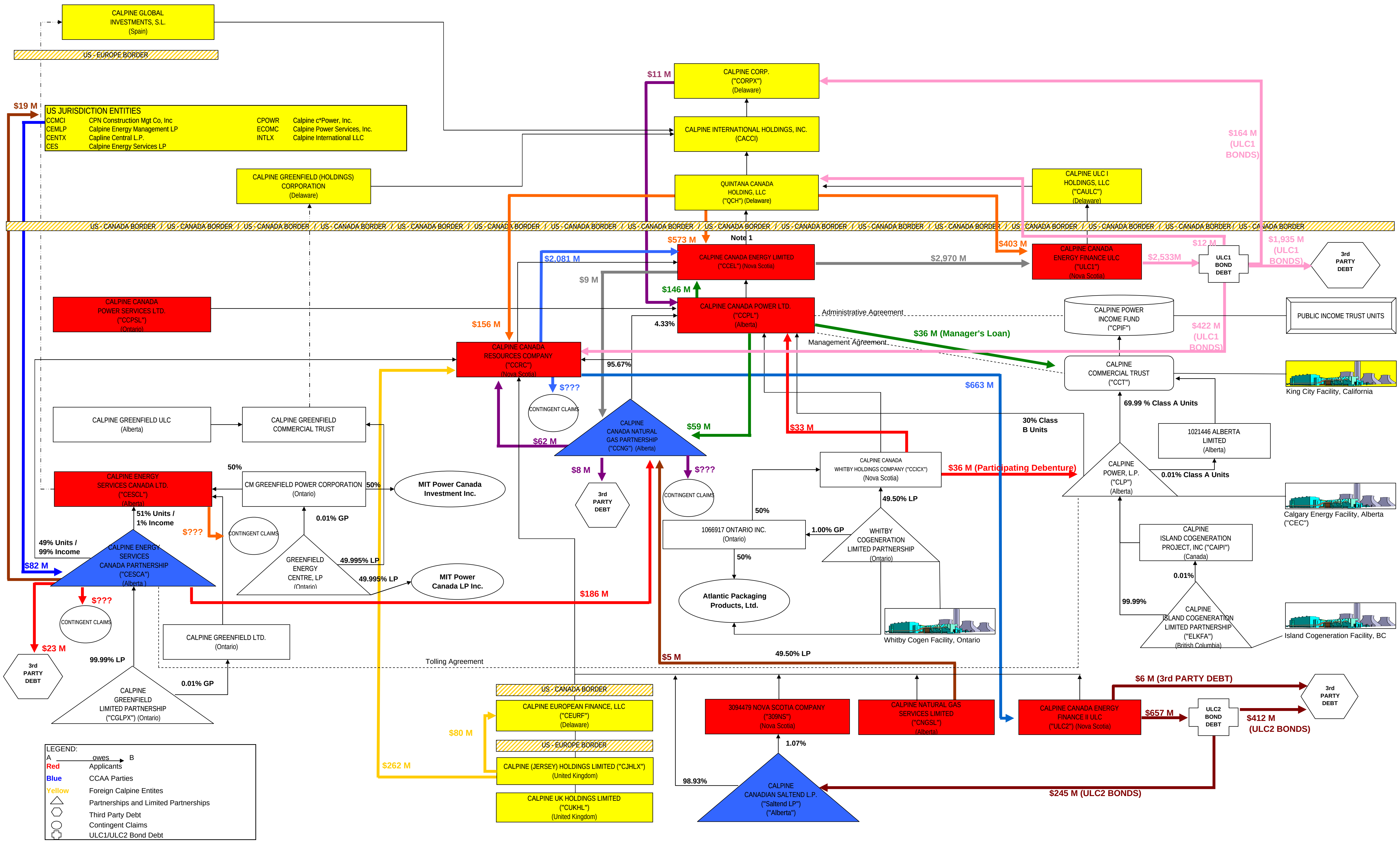
Appendix A

Report Acronym	Legal Name
309NS	3094479 Nova Scotia Company
CACCI	Calpine International Holdings, Inc.
CAENG	Calpine Energy Holdings Ltd.
CAULC	Calpine ULC 1 Holdings, LLC
CCEL	Calpine Canada Energy Ltd.
CCICX	Calpine Canada Whitby Holdings Company
CCNG	Calpine Canada Natural Gas Partnership
CCNGC	Calpine Canada Natural Gas Company
CCPL	Calpine Canada Power Ltd.
CCPSL	Calpine Canada Power Services Ltd.
CCRC	Calpine Canada Resources Company
CCT	Calpine Commercial Trust
CEC	Calgary Energy Centre
CEFHL	Calpine European Funding (Jersey) Holdings Ltd.
CEFJL	Calpine European Funding (Jersey) Limited
CES	Calpine Energy Services, LP
CESCA	Calpine Energy Services Canada Partnership
CESCL	Calpine Energy Services Canada Limited
CEURF	Calpine European Finance, LLC
CFJLX	Calpine Finance (Jersey) Limited
CGLPX	Calpine Greenfield Limited Partnership
CJHLX	Calpine (Jersey) Holdings Limited
CJLXX	Calpine (Jersey) Limited
CLP	Calpine Power, L.P.
CNGSL	Calpine Natural Gas Services Ltd.
CORPX	Calpine Corp.
CPIF	Calpine Power Income Fund
CUFLC	Calpine Unrestricted Funding, LLC
CUILC	Calpine Investment Holdings, LLC
CUKHL	Calpine UK Holdings Limited
ELKFA	Calpine Island Cogeneration Limited Partnership
INTLX	Calpine International LLC
LUXCO	Calpine Energy Finance Luxembourg
QCH	Quintana Canada Holdings, LLC
Saltend LP	Calpine Canadian Saltend LP
TTS	Thomassen Turbine Systems, B.V.
ULC1	Calpine Canada Energy Finance ULC
ULC2	Calpine Canada Energy Finance II ULC

Appendix B

Calpine Canada Organizational Structure and Claims > $5 Million
As at December 20, 2005
$C

Appendix B



LEGEND:
A —owes→ B
Red Applicants
Blue CCAA Parties
Yellow Foreign Calpine Entites
△ Partnerships and Limited Partnerships
⬡ Third Party Debt
○ Contingent Claims
✚ ULC1/ULC2 Bond Debt

Note 1 - The share structure is described in the Monitor's Fifth report.

Appendix C

Claims against Calpine Canada CCAA Entities

Appendix C

As at December 20, 2005

$CDN 000'S

DUE TO (DUE FROM)

(DUE TO) DUE FROM

Legal Name	Report Acronym	CNGSL	CCPL	CCEL	ULC1	CCRC	CESCL	CCPSL	309NS	ULC2	CCNG	Saltend LP	CESCA
Calpine Natural Gas Services Ltd.	CNGSL			3							5,361		
Calpine Canada Power Ltd.	CCPL			146,124	19						59,082		
Calpine Canada Energy Ltd.	CCEL	(3)	(146,124)		2,969,532	(2,081,381)			(8)	(68)	8,726	21	(4)
Calpine Canada Energy Finance ULC	ULC1		(19)	(2,969,532)		420,417	(107)			(16)	(10)		
Calpine Canada Resources Company	CCRC			2,081,381	(420,417)				(1,754)	663,364	(61,804)		5
Calpine Energy Services Canada Ltd.	CESCL				107								
Calpine Canada Power Services Ltd.	CCPSL												
3094479 Nova Scotia Company	309NS			8		1,754				15			
Calpine Canada Energy Finance II ULC	ULC2			68	16	(663,364)			(15)		(9)	245,327	
Calpine Canada Natural Gas Partnership	CCNG	(5,361)	(59,082)	(8,726)	10	61,804				9			(186,078)
Calpine Canadian Saltend LP	Saltend LP			(21)						(245,327)			
Calpine Energy Services Canada Partnership	CESCA			4		(5)					186,078		
Calpine Commercial Trust	CCT		(35,920)										
Calpine Island Cogeneration Project Inc.	CAIPI		1										
Calpine Power Income Fund	CPIF		6										
Calpine Power, L.P.	CLP		234	115									(2,044)
Calpine Canada Whitby Holdings Company	CCICX		32,694	84							431		
Calpine Greenfield Limited Partnership	CGLPX			2									
Calpine Island Cogeneration Limited Partnership	ELKFA		220	79									
Calpine (Jersey) Holdings Limited	CJHLX					261,622							
Calpine Energy Management, LP	CEMLP												(19,403)
Quintana Canada Holdings, LLC	QCH			573,253	391,573	156,082				14			
Calpine International Holdings, Inc.	CACCI		1,235								1		
Calpine Construction Management Company, Inc.	CCMCI						889						
Calpine Central LP	CENTX		(57)										
Calpine Energy Services LP (1)	CES										(1,944)		82,119
Calpine Corporation	CORPX		11,071	(143)	(163,821)					(445)	(1,763)		574
Calpine c*Power, Inc.	CPOWR		(8)										
Calpine Power Services, Inc.	ECOMC			2									
Calpine International LLC	INTLX		455	134									
Total Third Party Debt (2)				(1,326)	(1,934,800)	(4,223)	(889)		(4)	(418,957)	(8,188)		(22,928)
Contingent Claims						XXX	XXX				XXX		XXX
Total Net Receivable (Payable)		**(5,364)**	**(195,294)**	**(178,491)**	**842,219**	**(1,847,294)**	**(107)**	**-**	**(1,781)**	**(1,411)**	**185,961**	**245,348**	**(147,759)**

Key
Applicants - Canadian Filing Entities
CCAA Parties - Stay Protection
Non-filing entity
US Filing entity
Third Party Debt - trade creditor claims
Contingent Claims - Material contingent claims expected

Note 1 - Per the management of Calpine Canada, the following entities are divisions of Calpine Energy Services: CES Canada Ltd., CES Other West Gen Co., CES Northwest Canada, CES Risk East, CES Risk, CES California, CES Midwest, CES Northeast and CES Other West.

Note 2 - Deferred taxes are not included in third party debt.

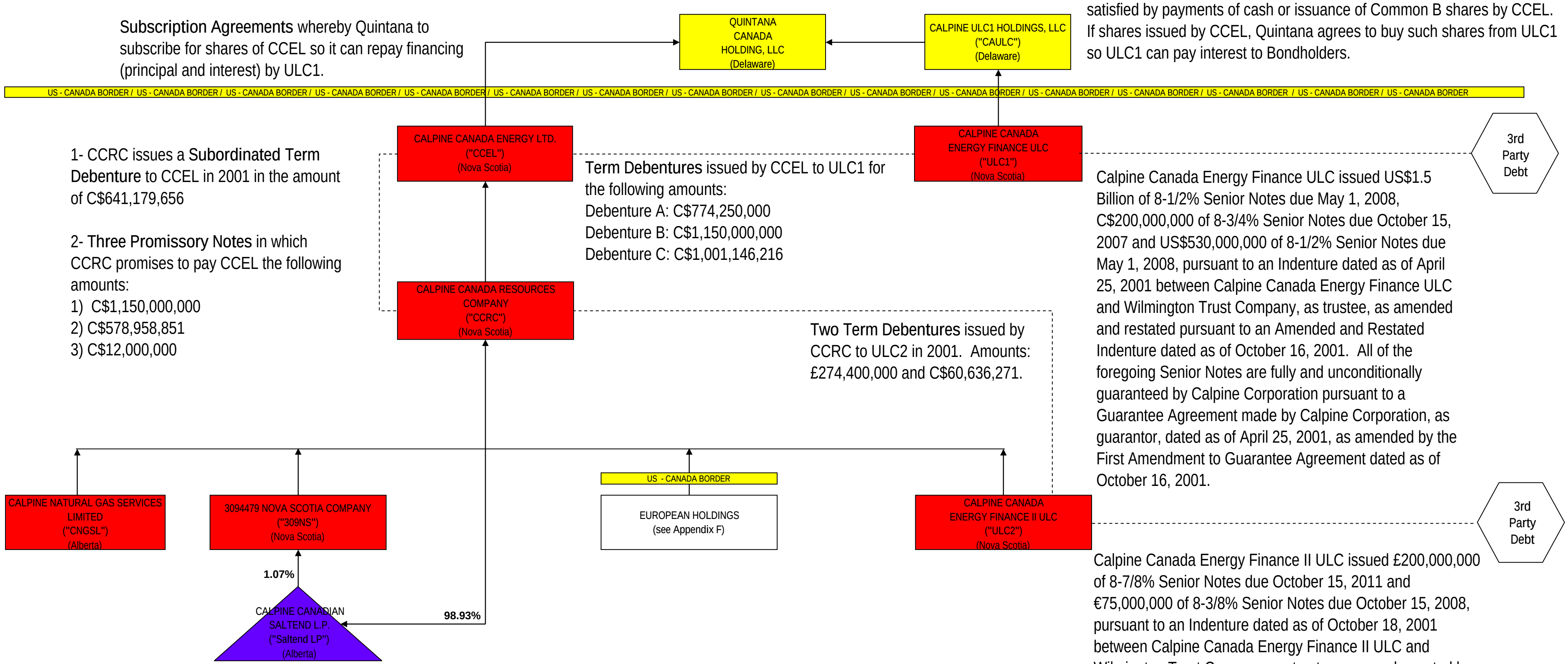
Note 3 - The relative priorities of the debt obligation's referenced in this chart (subordinated, limited recourse, etc.) are beyond the scope of this chart and are not indicated.

Note 4 - Exchange rates as at December 20, 2005 are : Cdn $1/US $ = 1.15868 and GBP £1/Cdn $ = 2.05338809

Appendix D

ULC1, ULC2, CCEL AND CCRC DEBT STRUCTURE

Appendix D



Subscription Agreements whereby Quintana to subscribe for shares of CCEL so it can repay financing (principal and interest) by ULC1.

Share Purchase Agreements - ULC1 to use interest earned on Debentures to pay interest to Bondholders. Debenture Interest to be satisfied by payments of cash or issuance of Common B shares by CCEL. If shares issued by CCEL, Quintana agrees to buy such shares from ULC1 so ULC1 can pay interest to Bondholders.

1- CCRC issues a **Subordinated Term Debenture** to CCEL in 2001 in the amount of C$641,179,656

2- **Three Promissory Notes** in which CCRC promises to pay CCEL the following amounts:
1) C$1,150,000,000
2) C$578,958,851
3) C$12,000,000

Term Debentures issued by CCEL to ULC1 for the following amounts:
Debenture A: C$774,250,000
Debenture B: C$1,150,000,000
Debenture C: C$1,001,146,216

Two Term Debentures issued by CCRC to ULC2 in 2001. Amounts: £274,400,000 and C$60,636,271.

Calpine Canada Energy Finance ULC issued US$1.5 Billion of 8-1/2% Senior Notes due May 1, 2008, C$200,000,000 of 8-3/4% Senior Notes due October 15, 2007 and US$530,000,000 of 8-1/2% Senior Notes due May 1, 2008, pursuant to an Indenture dated as of April 25, 2001 between Calpine Canada Energy Finance ULC and Wilmington Trust Company, as trustee, as amended and restated pursuant to an Amended and Restated Indenture dated as of October 16, 2001. All of the foregoing Senior Notes are fully and unconditionally guaranteed by Calpine Corporation pursuant to a Guarantee Agreement made by Calpine Corporation, as guarantor, dated as of April 25, 2001, as amended by the First Amendment to Guarantee Agreement dated as of October 16, 2001.

Calpine Canada Energy Finance II ULC issued £200,000,000 of 8-7/8% Senior Notes due October 15, 2011 and €75,000,000 of 8-3/8% Senior Notes due October 15, 2008, pursuant to an Indenture dated as of October 18, 2001 between Calpine Canada Energy Finance II ULC and Wilmington Trust Company, as trustee, as supplemented by the First Supplemental Indenture dated as of October 18, 2001. All of the foregoing Senior Notes are fully and unconditionally guaranteed by Calpine Corporation pursuant to a Guarantee Agreement made by Calpine Corporation, as guarantor, dated as of October 18, 2001, as amended by the First Amendment to Guarantee Agreement dated as of October 18, 2001.

Appendix E

1. CCRC holds all of the issued and outstanding shares of CEURF. CEURF is not a Debtor in the Canadian CCAA or U.S. Chapter 11 Proceedings. CCRC, through its ownership of CEURF, has certain indirect subsidiaries (referred to as the "European Holdings") whose primary purposes include:

   a. The purchase of the Saltend Energy Centre in August 2001;

   b. The acquisition of Thomassen Turbine Systems, B.V. ("TTS") in 2003; and

   c. The raising of financing including the issuance of preferred shares in 2004 and 2005.

2. A copy of the European Holdings organization chart is attached at Appendix F. Saltend was sold in July 2005 and the only remaining assets of the European Holdings include:

   a. Cash proceeds remaining from the sale of Saltend totalling approximately US$219 million; of which US$24.6 million are held in escrow (and remain subject to remaining rights and claims of the purchaser and seller of Saltend) as per the terms of the purchase and sale agreement; and

   b. The assets of the operations of TTS, as discussed in further detail below.

3. A description of each entity within the European Holdings is provided below.

Calpine European Finance, LLC ("CEURF")

4. CEURF is a limited liability company registered in the State of Delaware. CEURF is a holding company with no employees or operating activity. CCRC owns all the issued and outstanding shares of CEURF.

5. As at December 20, 2005, CEURF's assets include:

   a. A note receivable from CJHLX of US$69.7 million;

   b. A US$16 million note receivable from TTS; and

   c. Equity interests in CFJLX and TTS.

6. The note receivable of US $69.7 million from CJHLX relates to a portion of the remaining proceeds resulting from the sale of Saltend. Attached as Appendix F is an illustration of the flow of inter-company accounts relating the remaining proceeds from the sale of Saltend.

7. CEURF's F2005 financial statements reflect approximately US$200,000 in inter-company payables owing to CORPX. Any recoveries on the above assets (assuming any tax affects are nil) in excess of the inter-company payables would flow to CCRC as it is CEURF's sole parent.

Calpine Finance (Jersey) Limited ("CFJLX")

8. CFJLX is a private limited liability company incorporated in Jersey, Channel Islands. CFJLX is a holding company with no operations or employees. CFJLX's is a 100% subsidiary of CEURF and its only asset is its investment in CEFHL (discussed below) and has only US$8,000 of third party liabilities recorded in its F2005 financial statements.

Calpine European Funding (Jersey) Holdings Limited ("CEFHL")

9. CEFHL is a private limited liability company incorporated in Jersey, Channel Islands. CEFHL is a holding company with no operations or employees and its assets consist of its ownership of CJHLX and CEFJL. CEFHL's only liabilities as at December 20, 2005 comprise approximately US$26,000 in miscellaneous accounts payable.

10. During F2005 CEFHL had certain transactions with CEFJL, whereby CEFJL advanced CEFHL US$260 million in January 2005 and CEFHL then re-advanced US$ 260 million to QCH. CEFHL's payable to CEFJL was repaid from proceeds resulting from the sale of Saltend. QCH repaid its note payable to CEFHL with an 'in-kind' payment of ULC1 Senior Notes that it had purchased on the open market**.** The US$260 million in ULC1 Senior Notes were transferred through a series of inter-company transactions resulting in CCRC eventually holding the notes.

Calpine European Funding (Jersey) Limited ("CEFJL")

11. CEFJL is private limited liability company incorporated in Jersey, Channel Islands and its principal purpose was to issue US$260 million of preferred shares in F2005 with the proceeds being advanced to CEFHL.

12. Upon the completion of the sale of Saltend in July 2005, CEFHL repaid its note payable to CEFJL, who in turn redeemed the preferred shares outstanding. CEFJL's balance sheet currently has no assets, liabilities or equity.

Calpine (Jersey) Holdings Limited ("CJHLX")

13. CJHLX is a private limited liability company incorporated in Jersey, Channel Islands. CJHLX is a holding company with no operations or employees and its only remaining assets include:

    a. A note receivable from LUXCO of approximately US$286 million; and

    b. 100% ownership of the issued and outstanding shares of CJLXX, LUXCO and CUKHL.

14. CJHLX's remaining liabilities include:

    a. A note payable to CEURF of approximately US$69.7 million; and

    b. A note payable to CCRC of US$216 million.

Calpine (Jersey) Limited ("CJLXX")

15. CJLXX is a private limited liability company incorporated in Jersey, Channel Islands and is a special purpose entity that raised US$360 million in preferred shares in F2004 and then advanced the funds to LUXCO. The sale of Saltend was completed in July 2005 resulting in LUXCO redeeming the US$360 million note payable and related accrued interest.

16. As at F2005 CJLXX financial statements indicate no assets, liabilities or equity.

Calpine Energy Finance Luxembourg ("LUXCO")

17. LUXCO is a holding company registered in Luxembourg. LUXCO currently has no operations and its sole purpose was for raising funds for the purchase of the Saltend Energy Center in August 2001.

18. LUXCO's balance sheet can be summarized as a note receivable owing by CUKHL in the amount of approximately US$286 million and a corresponding note payable to CJHLX.

19. LUXCO also has US$0.86 of cash and US$0.32 of payables.

Calpine UK Holdings Limited ("CUKHL")

20. CUKHL is a company registered in the United Kingdom and currently has no operations or employees. CUKHL's primary purpose was a holding company that indirectly held Saltend, as 1,200 MW facility located in Hull, England. Saltend was acquired in August 2001 for approximately US$809 million and was disposed in July 2005 for approximately US$863 million.

21. As a result of the disposition of the Saltend Energy Center in July 2005, CUKHL paid the amounts owing by CJLXX (US$360 million) and CEFJL (US$260 million) to their respective preferred shareholders on behalf of CJLXX and CEFJL respectively, as discussed above.

22. CUKHL's remaining asset includes approximately US$219 million in cash, of which US$24.6 million is held in an escrow account under the terms of Saltend sale. To date, the purchaser of Saltend has advanced a claim of US$8.4 million against the escrow amount and has the ability to advance further claims subject to the terms of the sale and escrow agreements. The US$219 million of remaining proceeds is held under the control of CCRC as ordered by the Nova Scotia Court in connection with the Harbert Litigation.

23. The table below summarizes the net proceeds generated from the sale of Saltend in July 2005:

Sale of Saltend	£000's	U$000's
Procceed from sale (July 2005)		
Sale proceeds	498,382	862,852
Less:		
Repayment to CJLXX	215,031	372,284
Repayment to CEFJL	158,718	274,789
Escrow amount	20,000	34,626
	393,749	681,699
Net proceeds July 2005	104,633	181,153

24. A continuity of the net proceeds, including amounts held in escrow, from July 2005 to December 20, 2005 is summarizing in the table below.

Continuity of funds	£000's	U$000's
Unrestricted funds (note a)	112,375	194,555
Escrow amounts (note b)	14,221	24,622
Total funds - Dec 20, 2005	126,596	219,177
Unrestricted funds		
Net funds from sale of Saltend	104,633	181,153
Release from escrow (below)	5,152	8,919
Interest earned	1,928	3,338
Cash on hand prior to sale	917	1,588
Legal costs (post sale)	(255)	(443)
Balance December 20, 2005	112,375	194,555
Escrow		
Opening balance	20,000	34,626
Release to CUKHL (Oct 2005)	(5,152)	(8,919)
Release to purchaser (Dec 2/05)	(953)	(1,649)
Interest earned	326	564
	14,221	24,622

25. The table above indicates that as at December 20, 2005, CUKHL held approximately US$219 million in cash, with US$24.6 million consisting of amounts held in escrow. Since the sale there have been the following releases from the escrow account:

a. On October 31, 2005, US$8.9 million was released to CUKHL comprising the first draw against the escrow funds; and

b. On December 2, 2005, US$1.6 million was released to the purchaser relating to the settlement of disputed amounts.

26. As discussed above, the Monitor is aware of a claim by the purchaser against of the funds held in escrow. The claim is approximately GBP4.7 million and the validity of the claim is being reviewed by the Monitor.

27. CUKHL has approximately US$12 million in accrued liabilities as at December 20, 2005 as summarized in the table below. Management has advised that the majority of the liabilities relate to amounts to be claimed from the escrow:

Accrued liabilities		000's
Carbon accrual	GBP	2,000
Accrued sale costs		1,733
Working capital adjustment		2,966
Other		113
Total (GBP)	GBP	6,812
GBP to USD		1.7722
Total (USD)	USD	12,072

28. The above liabilities primarily relate to costs and adjustments associated with or arising from the sale of Saltend.

Thomassen Turbines Systems, B.V.

29. CEURF owns all the equity of TTS and also has an inter-company advance owed by TTS in the amount of US$16.7 million.

30. TTS has approximately US$45 million in unsecured creditors with no significant secured debt owing. The composition of TTS's unsecured creditors is summarized in the table below:

Accrued liabilities	000's
Third party creditors	9,289
CEURF	16,732
Power Sytems Mfg, LLC	19,505
Total unsecured	45,526

31. Power Systems Mfg, LLC ("PSM") is a wholly owned subsidiary of CORPX and PSM included in the US Chapter 11 proceedings. The above table illustrates that the majority of TTS's creditors relate to amounts owed to related parties.

32. TTS is a Netherlands BV that currently employs approximately 180 individuals. TTS has service and sales offices in approximately 8 countries with its major facility and head office located in The Netherlands.

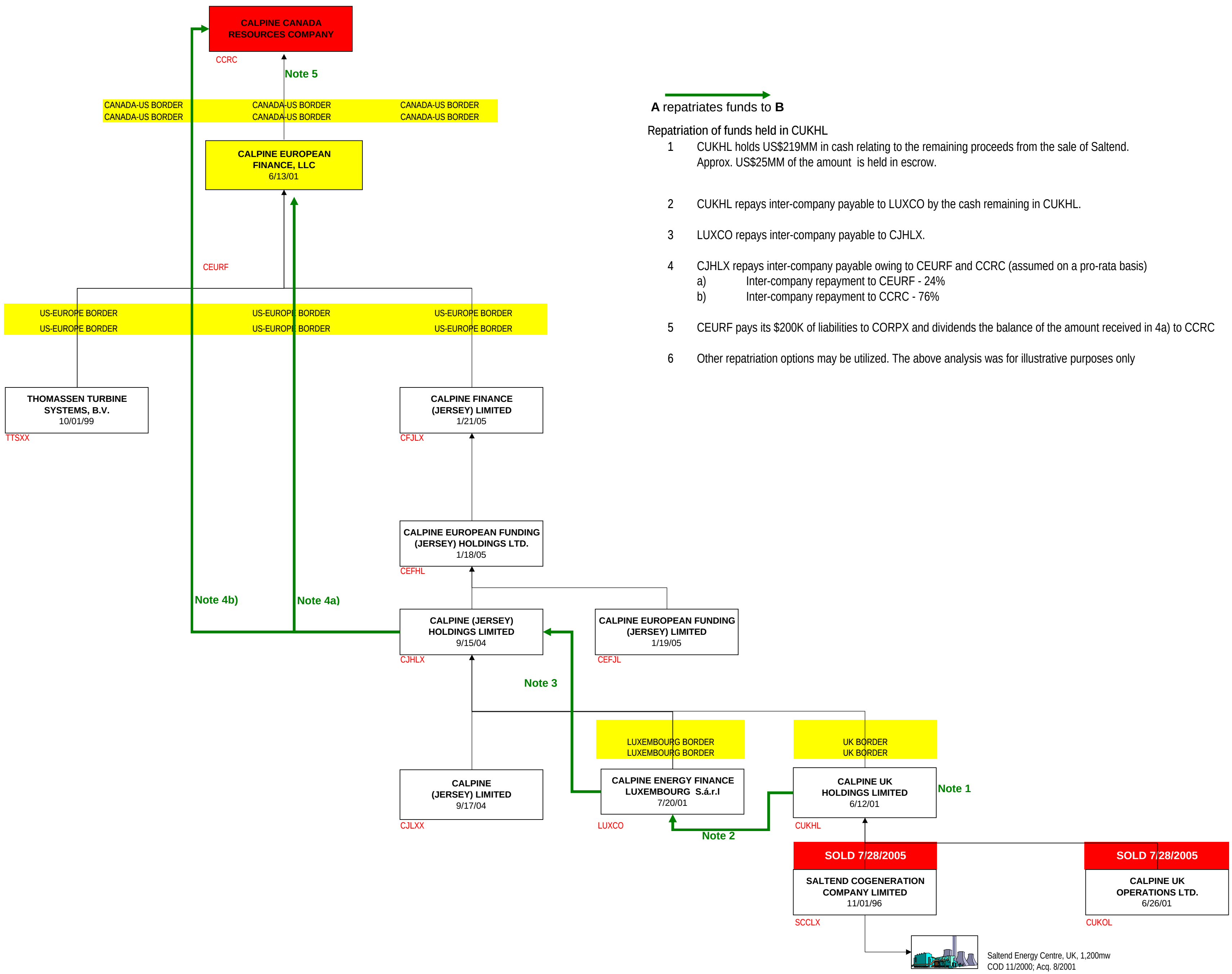
33. TTS provides parts and repairs services to owners of gas turbines, steam turbines and generators. PSM and TTS provide similar services to the power industry and material agreements are in place between TTS and PSM relating to purchase commitments and use of certain of PSM's intellectual property.

34. TTS is considered a non-core asset of CORPX and TTS is currently in the process of seeking potential purchasers under the joint supervision of its indirect parent, CCRC and PSM.

Appendix F

European Holdings - Organizational Chart

Appendix F



A repatriates funds to **B**

Repatriation of funds held in CUKHL

1. CUKHL holds US$219MM in cash relating to the remaining proceeds from the sale of Saltend. Approx. US$25MM of the amount is held in escrow.
2. CUKHL repays inter-company payable to LUXCO by the cash remaining in CUKHL.
3. LUXCO repays inter-company payable to CJHLX.
4. CJHLX repays inter-company payable owing to CEURF and CCRC (assumed on a pro-rata basis)
   a) Inter-company repayment to CEURF - 24%
   b) Inter-company repayment to CCRC - 76%
5. CEURF pays its $200K of liabilities to CORPX and dividends the balance of the amount received in 4a) to CCRC
6. Other repatriation options may be utilized. The above analysis was for illustrative purposes only

Action No.: 0501-17864

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* R.S.C. 1985, Chap. C-36, as amended

AND IN THE MATTER OF

CALPINE CANADA ENERGY LIMITED, CALPINE CANADA POWER LTD., CALPINE CANADA ENERGY FINANCE ULC, CALPINE ENERGY SERVICES CANADA LTD., CALPINE CANADA RESOURCES COMPANY, CALPINE CANADA POWER SERVICES LTD. CALPINE CANADA ENERGY FINANCE II ULC, CALPINE NATURAL GAS SERVICES LIMITED AND 3094479 NOVA SCOTIA COMPANY

FIFTH REPORT OF THE MONITOR

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File No. 413255/4