CALPINE CORP. NYSE-CPN

RECENT PRICE	16.83	P/E RATIO	8.4 (Trailing: 8.8 / Median: NMF)	RELATIVE P/E RATIO	0.43	DIV'D YLD	Nil	VALUE LINE

TIMELINESS 3 Lowered 10/5/01

SAFETY 3 New 1/12/01

TECHNICAL 5 Lowered 12/14/01

BETA 1.00 (1.00 = Market)

High:	2.5	2.9	3.5	16.4	53.0	58.0
Low:	2.0	1.5	1.6	3.1	16.4	10.0

Target Price Range

2004	2005	2006

2004-06 PROJECTIONS

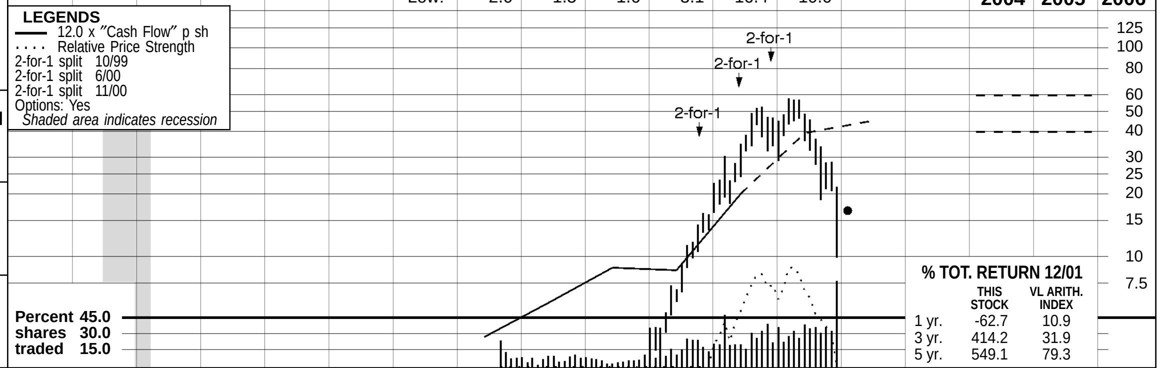
	Price	Gain	Ann'l Total Return
High	60	(+255%)	37%
Low	40	(+140%)	24%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	2	2	3	0
Options	2	2	0	2	1	0	1	0	0
to Sell	2	2	0	2	0	0	1	0	0

Institutional Decisions

	1Q2001	2Q2001	3Q2001
to Buy	322	315	287
to Sell	166	201	239
Hld's(000)	269338	257703	234292



% TOT. RETURN 12/01

	THIS STOCK	VL ARITH. INDEX
1 yr.	-62.7	10.9
3 yr.	414.2	31.9
5 yr.	549.1	79.3

Calpine began operations in 1984 in San Jose, California. It went public on November 19, 1996. The initial public offering of 18,045,000 shares was underwritten by CS First Boston, Morgan Stanley, Paine Webber, and Salomon Brothers. The initial share price was $16.00, or $2.00 on a stock-split adjusted basis. The company aims to take advantage of growing deregulation in the power industry.

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB., INC.	04-06
- -	- -	- -	- -	- -	1.35	1.72	3.45	3.36	8.05	*23.75*	*26.20*	Revenues per sh	*30.30*
- -	- -	- -	- -	- -	.35	.51	.75	.73	1.69	*3.30*	*3.75*	"Cash Flow" per sh	*4.60*
- -	- -	- -	- -	- -	.16	.21	.27	.43	1.11	*2.05*	*2.35*	Earnings per sh A	*3.00*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*Nil*	Div'ds Decl'd per sh	*Nil*
- -	- -	- -	- -	- -	.15	.67	.61	3.69	10.46	*14.75*	*13.10*	Cap'l Spending per sh	*12.90*
- -	- -	- -	- -	- -	1.28	1.50	1.78	3.82	7.88	*9.65*	*12.10*	Book Value per sh B	*22.50*
- -	- -	- -	- -	- -	158.75	160.49	161.29	252.22	283.72	*305.50*	*305.50*	Common Shs Outst'g C	*330.00*
- -	- -	- -	- -	- -	13.9	11.2	8.8	19.7	29.4	*18.0*		Avg Ann'l P/E Ratio	*17.0*
- -	- -	- -	- -	- -	.87	.65	.46	1.12	1.95	*.95*		Relative P/E Ratio	*1.15*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -		Avg Ann'l Div'd Yield	*Nil*
- -	- -	- -	- -	- -	214.6	276.3	556.0	847.7	2282.8	*7250*	*8000*	Revenues ($mill)	*10000*
- -	- -	- -	- -	- -	48.2%	52.1%	39.7%	37.0%	33.1%	*27.0%*	*28.0%*	Operating Margin	*31.0%*
- -	- -	- -	- -	- -	36.6	46.8	74.3	87.2	154.3	*350*	*400*	Depreciation ($mill)	*500*
- -	- -	- -	- -	- -	18.7	34.7	46.3	96.2	324.7	*655*	*745*	Net Profit ($mill)	*1020*
- -	- -	- -	- -	- -	32.7%	34.7%	36.9%	39.2%	40.3%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
- -	- -	- -	- -	- -	8.7%	12.6%	8.3%	11.4%	14.2%	*9.0%*	*9.3%*	Net Profit Margin	*10.2%*
- -	- -	- -	- -	- -	96.2	d12.0	86.9	251.1	174.5	*d810*	*d1650*	Working Cap'l ($mill)	*d1000*
- -	- -	- -	- -	- -	285.0	742.9	1065.9	2006.2	5552.9	*10500*	*9500*	Long-Term Debt ($mill)	*11000*
- -	- -	- -	- -	- -	203.1	240.0	287.0	964.6	2236.8	*2955*	*3700*	Shr. Equity ($mill)	*7430*
- -	- -	- -	- -	- -	8.5%	6.7%	6.6%	4.8%	4.5%	*5.0%*	*5.5%*	Return on Total Cap'l	*5.5%*
- -	- -	- -	- -	- -	9.2%	14.5%	16.1%	10.0%	14.5%	*22.0%*	*20.0%*	Return on Shr. Equity	*13.5%*
- -	- -	- -	- -	- -	9.2%	14.5%	16.1%	10.0%	14.5%	*22.0%*	*20.0%*	Retained to Com Eq	*13.5%*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*Nil*	All Div'ds to Net Prof	*Nil*

CAPITAL STRUCTURE as of 9/30/01

Total Debt $11.5 bill. **Due in 5 Yrs** $2.5 bill.
LT Debt $10.5 bill. **LT Interest** $.5 bill.
(Includes $1122.8 mill. in trust-preferred securities, and $207.1 mill in capital leases.)
(LT interest earned: 2.9x; total interest coverage: 2.7x) (78% of Cap'l)

Leases, Uncapitalized: Ann. rentals $174.0 mill.
Pension Liability None
Pfd Stock None

Common Stock 305,317,613 shs. (22% of Cap'l)
MARKET CAP: $5.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	1999	2000	9/30/01
Cash Assets	349.4	588.7	476.4
Receivables	127.5	649.4	1054.8
Inventory (FIFO)	16.4	36.9	77.4
Other	33.1	68.7	987.4
Current Assets	526.4	1343.7	2596.0
Accts Payable	84.4	765.6	1253.1
Debt Due	47.4	61.6	1004.9
Other	143.5	342.0	1211.2
Current Liab.	275.3	1169.2	3469.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '98-'00 to '04-'06
Revenues	- -	- -	35.0%
"Cash Flow"	- -	- -	28.0%
Earnings	- -	- -	30.5%
Dividends	- -	- -	Nil
Book Value	- -	- -	31.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
1998	55.1	141.6	186.2	173.1	556.0
1999	145.9	190.7	263.6	247.5	847.7
2000	235.4	363.7	678.9	1004.8	2282.8
2001	1229	1613	2916	*1492*	*7250*
2002	*1500*	*1800*	*3000*	*1700*	*8000*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
1998	d.02	.07	.14	.08	.27
1999	.02	.08	.19	.12	.43
2000	.09	.20	.48	.34	1.11
2001	.30	.39	.88	*.48*	*2.05*
2002	*.25*	*.40*	*1.15*	*.55*	*2.35*

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1998	NO CASH DIVIDENDS BEING PAID				
1999					
2000					
2001					
2002					

BUSINESS: Calpine is a leading independent power company engaged in the development, acquisition, ownership, and operation of power generation facilities. Its sells electricity predominantly in the United States. As of 12/00, it owned interests in 50 power plants having an aggregate capacity of 5,849 megewatts. Upon the completion of its current construction projects in progress, Calpine will have interests in 74 plants with an aggregate capacity in excess of 19,800 megawatts. Has 1,883 employees. Putnam Investments own 6.1% of out. comm. stock, and Wellington Mgmt. owns 5.8%. Officers/dirs. hold 5.7% (4/01 proxy). Chairman & CEO: Peter Cartwright. Address: 50 West San Fernando St., San Jose, CA 95113. Telephone: (408) 995-5115. Internet: www. calpine.com.

Calpine has been put on the defensive, as Enron's collapse roils the nonregulated power industry. Amid worries that the company might suffer the same fate as Enron, Calpine emphasized that it does not have the same business model. It focuses on building plants, delivering power, and trading backed by tangible assets. Enron's trading operations were not backed by hard assets. Also, Calpine did business through Enron, but stated that its net exposure is minimal since it owes the company about as much as it has in Enron receivables.

Still, Calpine's creditors have grown increasingly concerned. Moody's recently lowered the company's credit rating to below investment grade. A major factor has been a sharp fall in its stock price. Calpine issued a $1 billion zero-coupon convertible offering last year that comes due in April. Since the stock has declined, it is almost certain that the remaining $878 million outstanding will be redeemed by investors for cash rather than stock, which would probably put a strain on liquidity. There are also questions about the company's ability to meet other future obligations, given its highly leveraged balance sheet and depressed share price. We believe, however, that Calpine can meet its debt payments. It currently holds a $3.5 billion construction revolver, a $400 million untapped corporate revolver, $750 million in cash, and it generates about $100 million in free cash flow per month.

The company's ambitious plant build-out initiative may be in jeopardy. It intended to generate 70,000 megawatts (MW) by 2005, from about 12,000 MW today. But it may now need to spend more resources on improving its balance sheet instead. Accordingly, we have lowered our earnings projections out to 2004–2006.

These shares are not timely. In addition to liquidity fears sparked by Enron's bankruptcy, power companies are being weighed down by lower spark spreads (margins on MW sales), as well as weakened demand. We believe that the market has overreacted to these concerns, which leaves this issue with attractive 3- to 5-year capital gains potential, albeit with considerably more risk than the Average Safety rank suggests.

Michael P. Maloney *January 11, 2002*

(A) Diluted earnings. Excludes nonrecurring items: '99, d1¢; '00, d1¢. Quarterly figures do not sum to yearend number in '99 due to stock split and large change in shares outstanding.
Next earnings report due late Jan.
(B) Includes deferred financing costs. In '00: $0.49/sh.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B
Stock's Price Stability	35
Price Growth Persistence	65
Earnings Predictability	60