

III OFFSHORE ADVISORS

(A Nevada Partnership)
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January 9, 2006

International Swaps and Derivatives Association, Inc.

Send to: calpineprotocol@isda.org

Dear Sirs,

2006 Calpine CDS Protocol - Adherence

The purpose of this letter is to confirm our adherence to the 2006 Calpine CDS Protocol, as published by the International Swaps and Derivatives Association, Inc. on January 9, 2006 (the "Protocol"). This letter constitutes an "Adherence Letter" as referred to in the Protocol.

The definitions and provisions contained in the Protocol are incorporated into this Adherence Letter, which will supplement and form part of each Covered Transaction (now or in the future) between us and each other Adhering Party.

1. Specified Terms

(a) In respect of each Covered Non-Index Transaction:

- (i) the Obligations of Calpine with CUSIP 131347BM7 and ISIN US131347BM73, known as the 6% Contingent Convertible Notes due 2014, will be deemed to be Deliverable Obligations; and
- (ii) the Obligations of Calpine with CUSIP 131347BN5 and ISIN US131347BN56, known as the 7.75% Contingent Convertible Notes due 2015, will be deemed not to be Deliverable Obligations.

(b) The terms of Schedule 1, Covered Index Transactions, shall apply to Covered Index Transactions.

2. Appointment as Agent and Release

We hereby appoint ISDA as our agent for the limited purposes of the Protocol and accordingly we waive, and hereby release ISDA from, any rights, claims, actions or causes of action whatsoever (whether in contract, tort or otherwise) arising out of, or in any way relating to, this Adherence Letter or our adherence to the Protocol or any actions contemplated as being required by ISDA.

3. DTCC Account Number

For purposes of electronic matching and counterparty recognition, our DTCC Account Number is as follows, but you understand and agree that our failure to provide any such details pursuant to this letter will not affect the legal validity and binding nature of the Protocol with respect to us:

DTCC Account Number: 00008650 III Relative Value/Macro Hub Fund Ltd.
0000P322 III Relative Value Credit Strategies Hub Fund Ltd.

4. Contact Details

Our contact details for purposes of this Adherence Letter are:

Name: Scott Wyler

Address: c/o III Offshore Advisors • 777 Yamato Road, Suite 300 • Boca Raton, FL 33431

Telephone: 561-544-4400

Fax: 561-544-4433

E-mail: Scott.Wyler@avmltd.com

We consent to the publication of the conformed copy of this letter by ISDA and to the disclosure by ISDA of the contents of this letter.

Yours faithfully,

III Offshore Advisors

On behalf of III Relative Value/Macro Hub Fund Ltd. and
III Relative Value Credit Strategies Hub Fund Ltd.

By:

Name: Scott L. Wyler
Title: Authorized Signatory
Signature: Scott L. Wyler