
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 7, 2009**

CALPINE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-12079
(Commission
File Number)

77-0212977
(IRS Employer
Identification No.)

717 Texas Avenue, Houston, Texas 77002
50 West San Fernando Street, San Jose, California 95113
(Addresses of principal executive offices and zip codes)

Registrant's telephone number, including area code: (713) 830-8775

Not applicable

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 5.02 — DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

On January 8, 2009, Calpine Corporation (the “Company”) announced the appointment of Jim D. Deidiker as Senior Vice President and Chief Accounting Officer of the Company. Mr. Deidiker succeeds Kenneth A. Graves, who will continue to serve as the Company’s Interim Corporate Controller. Mr. Graves had served as the Company’s Interim Corporate Controller and Principal Accounting Officer since August 29, 2008, as reported in the Company’s Current Report on Form 8-K filed on August 29, 2008.

Mr. Deidiker, 53, has nearly 30 years of experience in accounting and financial reporting within the energy and power generation industries. Mr. Deidiker most recently served as Vice President and Controller of Texas Genco, LLC from 2005 to 2006 where he was responsible for financial and public reporting as well as management of the accounting function. From 1998 to 2005, Mr. Deidiker served as Managing Director & Vice President, Administration of AEP Energy Services, Inc. where he was responsible for management of the accounting function, financial reporting, contract administration and risk management for the gas pipeline and trading segment of AEP Energy Services, Inc. Mr. Deidiker obtained a master in business administration from the University of Houston and a bachelor of science in Accounting from Southwest Missouri State University. In addition, Mr. Deidiker is a Certified Public Accountant and Certified Management Accountant.

Pursuant to Mr. Deidiker’s offer letter (the “Letter”), Mr. Deidiker will receive an initial base salary of \$340,000 a year. Mr. Deidiker is eligible to participate in the Calpine Corporation 2008 Calpine Incentive Plan (the “CIP”), which provides for an annual discretionary bonus, with Mr. Deidiker’s target bonus under the CIP to be 60% of his pro-rated annual base salary, which may be increased or decreased in accordance with the corporate financial results and his individual performance. The amount of the bonus, if any, awarded to Mr. Deidiker under the CIP is subject to the Company’s discretion.

Mr. Deidiker will also receive a sign-on bonus of \$100,000 and is eligible for relocation assistance to include actual, reasonable travel and moving expenses, customary brokerage and inspection fees, temporary living expenses for up to 60 days and reimbursement of 50% of any loss (up to a maximum of \$25,000) on the sale of his current residence. Both the sign-on bonus and any relocation assistance received are refundable to the Company should Mr. Deidiker voluntarily terminate his employment within 12 months from his employment date.

In addition, a grant of an option to purchase 50,000 shares of common stock of the Company (“the Grant”) was recommended to and approved by the Compensation Committee of the Company’s Board of Directors. The Grant has an exercise price of \$8.25 per share and vests in three equal annual installments on the first, second, and third anniversaries of the grant date and expires after 10 years or upon termination of employment, whichever comes first. The Grant is made under the provisions and terms of the Calpine Corporation 2008 Equity Incentive Plan. The Grant shall become immediately vested in full upon the occurrence of a Change in Control (as defined in the Calpine Corporation 2008 Equity Incentive Plan). Mr. Deidiker will be eligible to participate in future equity grants beginning in 2010.

A copy of the Letter is filed herewith as Exhibit 10.1 and a copy of the Calpine Corporation 2008 Equity Incentive Plan is incorporated by reference as Exhibit 10.2 hereto. The foregoing description is qualified in its entirety by reference to the full text of such Exhibits, each of which is hereby incorporated by reference herein.

ITEM 9.01 — FINANCIAL STATEMENTS AND EXHIBITS

(d) *Exhibits*

Exhibit No.	Description
10.1	Letter Agreement, dated December 30, 2008, between the Company and Jim D. Deidiker.*†
10.2	Calpine Corporation 2008 Equity Incentive Plan (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 (Registration No. 333-149074), filed with the SEC on February 6, 2008).†

* Filed herewith.

† Management contract or compensatory plan or arrangement.

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December 22, 2008

Jim D. Deidiker
8122 Maple Ln.
Rogers, Arkansas 72756

Dear Jim,

On behalf of Calpine Corporation, I am pleased to extend an offer of regular, full-time employment to you for the exempt position of Senior Vice-President and Chief Accounting Officer for Calpine located in Houston, Texas. Details of this offer are provided below:

- Title:** Senior Vice-President and Chief Accounting Officer
- Reporting to:** Zamir Rauf, *Chief Financial Officer*
- Base Salary:** \$ 13,076.92 paid bi-weekly (annualized at \$340,000.00)
- Annual Bonus Program:** You will be eligible to participate in the Calpine Incentive Plan (CIP), which provides for annual bonus based both on corporate financial results and individual performance. Your CIP target will be 60% of your pro-rated annual base wages and can be increased or decreased in accordance with the corporate financial results and your individual performance.
- Sign-On Bonus:** You will be eligible to receive a sign-on bonus in the amount of \$100,000.00. This payment will be made to you in the first or second payroll following your start date. This bonus is 100% refundable to Calpine should you voluntarily terminate your employment within twelve (12) months from your employment date.
- Benefits Summary:** Calpine offers a competitive, comprehensive benefits package. Please refer to the 2008 Benefits Summary which is enclosed for more details.
- Relocation:** You are eligible for Level 4 relocation assistance. See the attached relocation summary for details on your relocation program. Relocation assistance must be refunded in full to Calpine should you voluntarily terminate your employment within twelve (12) months from your employment date.

We are also recommending that you receive an equity grant associated with your becoming a Calpine employee. This initial equity grant is based on Calpine's stock price on the Compensation Committee approval date. The grant, if approved, will be 50,000 stock options. The grant would vest within 3 years from the grant date and would expire after 10 years or when you leave the company, whichever comes first. You will be advised of the decision on the grant as soon as is administratively possible following the Compensation Committee meeting of the Board of Directors. You will be eligible to participate in future equity grants beginning in 2010.

Jim Deidiker
12/22/2008
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This offer does not constitute a binding contract of employment. Calpine's employment arrangements may be terminated by either party, at will. Also, in order to be in compliance with the Federal Immigration Law, this offer is contingent upon your providing verification of your eligibility to work in the United States.

This offer is contingent upon satisfactory completion of Calpine's Pre-Employment Background Check.

Please sign both copies of the letter, retain one for your files and return one to Human Resources in the attached self-addressed stamped envelope. Please contact Kathy Staudt at 713-570-4888 with any questions.

Jim, we are confident we can provide you with challenging and rewarding employment, and look forward to your joining our team of professionals.

Very truly yours,

CALPINE CORPORATION

/s/ Laura D. Guthrie

Laura D. Guthrie
Senior Vice President, Human Resources

Enclosures

/s/ Jim D. Deidiker

Jim D. Deidiker

December 30, 2008

Date