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ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS

In re	)	Chapter 11 Case
MIRANT CORPORATION, et al.,	)	Case No. 03-46590(DML)11 Jointly Administered
Debtors.	)	
	)	Hearing Date and Time: May 12, 2004; 10:30 a.m.

DEBTORS' MOTION PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR APPROVAL OF SETTLEMENT AGREEMENT BETWEEN AND AMONG MIRANT AMERICAS ENERGY MARKETING, LP, MIRANT AMERICAS, INC AND ECONNERGY ENERGY COMPANY, INC.

TO THE HONORABLE D. MICHAEL LYNN,
UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors"), file this motion (the "Motion") pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") requesting an order authorizing Mirant Americas Energy Marketing, LP ("MAEM") and Mirant Americas, Inc. ("Mirant Americas")[1] to enter into that certain Settlement Agreement, dated March 30, 2004 (the

[1] Mirant Americas is an indirect parent of MAEM.

"Settlement Agreement"), with Econnergy Energy Company, Inc. ("Econnergy"). In support of the foregoing, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

2. The Cases. On July 14, 2003 and various dates thereafter (collectively, the "Petition Date"), the Debtors filed voluntary chapter 11 petitions. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code").

3. The Cases are Jointly Administered. This Court has entered orders approving the joint administration of the Debtors' chapter 11 cases.

4. The Committees. The Office of the United States Trustee for the Northern District of Texas in these administratively consolidated cases appointed an official committee of equity security holders and two official unsecured creditors' committees (collectively, the "Committees").

FACTUAL BACKGROUND

A. The Master Agreement, Note and Warrant[2]

5. MAEM and Econnergy were parties to that certain Master Aggregator Agreement, dated November 2, 2001, as modified and amended by that certain First Amendment to Master Aggregator Sale/Purchase Agreement, dated December 10, 2002 (the "Master

[2] The Master Agreement and the Note referred to herein are not attached. Parties in interest may obtain a copy of either document by forwarding a written request to Debtors' counsel.

Agreement"), pursuant to which MAEM was the preferred supplier of natural gas and/or power to Econnergy.

6. As additional consideration for entry into the Master Agreement, Econnergy delivered to Mirant Americas[3] that certain Warrant, dated February 1, 2002 (the "Warrant"), a copy of which is attached hereto as Exhibit A, entitling Mirant Americas and its assigns to purchase, under certain circumstances, up to 300,095 shares of Econnergy's common stock for $3.79 per share.[4] The Warrant expires on the first of the following to occur: (i) April 18, 2010; or (ii) the date Econnergy either dissolves or distributes all of its assets to its stockholders. As of the date of this Motion, the Warrant has not expired or been exercised.

7. In late 2002, MAEM and Econnergy entered into negotiations regarding the termination of their commercial relationship under the Master Agreement. In furtherance thereof, on January 10, 2003, MAEM sold all of its Econnergy receivables to an outside party. In connection with such sale, MAEM and Econnergy agreed to terminate the Master Agreement, effective January 10, 2003. As consideration for amounts owing under the Master Agreement, Econnergy issued a Promissory Note, dated January 10, 2003 (the "Note"), to MAEM in the principal amount of $2,218,676. Pursuant to the terms of the Note, Econnergy promised to repay the principal amount and accrued interest of the Note in eighteen (18) equal monthly installments of $132,291.92 beginning on April 20, 2003 and ending September 20, 2004. As of the date of this Motion, the outstanding balance due and owing on the Note is $788,669.00.

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[3] Due to a ministerial error, Econnergy incorrectly issued the Warrant to Mirant Americas instead of MAEM and, therefore, Mirant Americas is a party to this settlement.

[4] Under the terms of the Warrant, Mirant Americas ceased accruing common stock upon the termination of the Master Agreement. Mirant Americas and its assigns are currently authorized to purchase approximately 55,000 shares of Econnergy common stock for an aggregate price of $208,450.

8. The Debtors are concerned with Econnergy's ability to fully repay the Note. On numerous occasions Econnergy has failed to timely submit its monthly installment payment. As a result, the Debtors view Econnergy as a potential credit risk and have established a reserve (the "Reserve") on its books to cover potential exposure to losses under the Note.

9. In November 2003, Econnergy approached the Debtors to discuss the possible surrender of the Warrant, which would facilitate Econnergy's pursuit of other transactions. In an effort to avoid further risks and uncertainties related to the repayment of the Note, the Debtors took advantage of this opportunity to negotiate the immediate monetization of the Note.

10. After extensive negotiations, the Debtors successfully negotiated the early repayment of the Note in exchange for (i) a $50,000 discount off the principal balance of the Note and (ii) Mirant Americas' surrender of the Warrant. The Debtors believe the Warrant is of little or no value to the Debtors' estate and respective creditors. Neither the Warrant nor the common stock of Econnergy is registered pursuant to the Securities Act of 1933. The Debtors explored the possibility of selling the Warrant, but were unable to locate a viable purchaser. Thus, the Debtors believe there is neither a readily available market nor any discernable market value for the Warrant. Given the favorable terms negotiated by the Debtors and the mitigation of risks related to the collectibility of the Note and early repayment thereof, the Debtors have determined that it would be beneficial to the Debtors' estates and respective creditors to seek this Court's approval to monetize the Note as more fully set forth below.

B. Summary of the Settlement Agreement

11. In March 2004, Mirant Americas, MAEM and Econnergy successfully reached a compromise, which has been memorialized by the Settlement Agreement,[5] attached hereto as Exhibit B, and is subject to this Court's approval. The principle terms of the Settlement Agreement are as follows:

- In full and final satisfaction of the Note, Econnergy shall pay to MAEM all unpaid principal and accrued interest owing under the Note as of the date of such payment less $50,000.00 ("Final Settlement Amount");
- Upon receipt in full of the Final Settlement Amount, Mirant Americas will automatically, and without further action by either party, completely, irrevocably and unequivocally surrender the Warrant to Econnergy;
- The parties will mutually release each other and their parents, subsidiaries and affiliated entities from all claims and potential claims of any nature whatsoever in anyway related to or arising out of the Master Agreement, the Warrant, or the Note; and
- The effectiveness of the Settlement Agreement is conditioned upon the Debtors obtaining the Court's approval by May 15, 2004.

RELIEF REQUESTED

12. By this Motion, the Debtors request that the Court enter an order pursuant to 9019(a) of the Bankruptcy Rules, in substantially the form submitted herewith, authorizing MAEM and Mirant Americas to enter in to the Settlement Agreement and perform thereunder.

APPLICABLE AUTHORITY

13. Bankruptcy Rule 9019(a) provides, in relevant part, that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). Bankruptcy Rule 9019(a) empowers a bankruptcy court to approve compromises and settlements if they are "'fair and equitable and in the best interest of the

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[5] Unless otherwise defined herein, capitalized terms have the same meaning ascribed to them in the Settlement Agreement.

estate.'" In re Cajun Electric Power Cooperative, Inc., 119 F.3d 349, 355 (5th Cir. 1997) (quoting In re Foster Mortgage Corp., 688 F.3d 914, 917 (5th Cir. 1995) (citation omitted)); see also In re Zale Corp., 62 F.3d 746, 754 (5th Cir. 1995) (stating that "the 'fair and equitable' determination does not give the bankruptcy court jurisdiction over settlement conditions that do not bear on the court's duties to preserve the estate and protect creditors.").

14. A decision to accept or reject a compromise or settlement is within the sound discretion of the Court. See 9 COLLIER ON BANKRUPTCY ¶ 9019.02 (15th ed. Rev. 2001). "'Compromises are favored in bankruptcy'" because they minimize the costs of litigation and further the parties' interest in expediting administration of a bankruptcy estate. In re Martin, 91 F.3d 389, 393 (3d Cir. 1996) (quoting 9 COLLIER ON BANKRUPTCY ¶ 9019.03[1] (15th ed. Rev. 1993)).

15. Furthermore, the settlement need not result in the best possible outcome for the debtor, but must not "'fall beneath the lowest point in the range of reasonableness.'" In re Drexel Burnham Lambert Group, Inc., 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991) (quoting In re W.T. Grant Co., 699 F.2d 599, 608 (2nd Cir. 1983)). Basic to the process of evaluating proposed settlements, then, "is the need to compare the terms of the compromise with the likely rewards of litigation." Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 425 (1968).

16. To determine whether a settlement is fair and equitable, this Court should consider and evaluate the following factors: (i) the probability of success in the litigation, with due consideration for uncertainty in fact and law; (ii) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (iii) all other factors bearing on the wisdom of the compromise. See Cajun Electric, 119 F.3d at 356 (citations omitted).

17. After extensive analysis, the Debtors determined that entering into the proposed Settlement Agreement would be beneficial to the Debtors' estates. This settlement represents a unique opportunity for the Debtors to immediately recover, at a modest discount, the outstanding amounts owing to MAEM under the Note. As stated above, Econnergy has persistently failed to timely submit its monthly installment payment on the Note. Accordingly, the settlement will allow the Debtors to mitigate further risks and uncertainties regarding the Note's repayment.

18. The Debtors believe the surrender of the Warrant in exchange for the early repayment of the Note is an exercise of their sound business judgment. As stated above, neither the Warrant nor the common stock of Econnergy is registered pursuant to the Securities Act of 1933. Thus, the Debtors believe that there is neither a readily available market nor any discernable market value for the Warrant or underlying common stock. Although the Debtors have attempted to sell the Warrant, they received no viable offer. Based upon the lack of marketability of the Warrant and Econnergy's pervasive credit problems, the Debtors have ascribed little to no value to the Warrant. Thus, the Debtors believe the surrender of the Warrant for the early and certain repayment of the Note will cause little or no detriment to the Debtors' estates or respective creditors.

19. The Debtors are concerned that, absent entry into the Settlement Agreement, Econnergy will cease making payments under the Note. Indeed, as stated above, the Debtors have been compelled to establish the Reserve against the Note due to Econnergy's present credit worthiness and the resulting uncertainty regarding the Note's collectibility. The Debtors believe the benefits to be derived from the early monetization of the Note at a modest discount outweighs the costs of litigating the collection of the Note.

20. For the above reasons, the Debtors believe that entering into the Settlement Agreement is an exercise of their sound business judgment. In light of the foregoing, and given the substantial benefits that the Debtors will derive under the proposed Settlement Agreement, the Debtors seek the Court's prompt approval of the Motion.

CONCLUSION

WHEREFORE, based upon the foregoing, the Debtors request that the Court enter an order, substantially in the form submitted herewith, granting the relief requested herein, and any further relief that is necessary and proper.

Dated: Fort Worth, Texas
April 19, 2004

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ATTORNEYS TO THE DEBTORS
AND DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he provided a true and correct copy of the forgoing to Bankruptcy Services, LLC and directed them to effect service upon all persons on the Limited Service List via first class U.S. mail, and the addresses set forth below via first class U.S. mail on the 19th day of April 2004.

/s/ Ian T. Peck

Econnergy Energy Company, Inc.
Attn: Gary Bondi
286 North Main Street
Spring Valley, NY 10977

EXHIBIT “A”

NEITHER THIS WARRANT NOR THE SHARES OF STOCK ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW. NEITHER THIS WARRANT NOR ANY OF THE UNDERLYING STOCK MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED AND QUALIFIED IN ACCORDANCE WITH SAID ACT AND ANY APPLICABLE STATE SECURITIES LAW, OR IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

300,095 Common Shares **Warrant No. 2A**

WARRANT

to Purchase 300,095 Shares of Common Stock of

ECONNERGY ENERGY COMPANY, INC.

THIS CERTIFIES THAT, for value received, MIRANT AMERICAS, INC., or registered assigns (the "Warrantholder") is entitled to purchase from ECONNERGY ENERGY COMPANY, INC., a corporation organized and existing under the laws of the State of New York (the "Company"), at any time on or before 5:00 P.M. Eastern Standard Time on the Final Exercise Date, up to 300,095 shares of Common Stock, par value $0.001 per share, of the Company for per a share purchase price equal to the Purchase Price (as hereinafter defined) in lawful money of the United States of America. The number of shares of Common Stock which may be purchased hereunder, and the Purchase Price therefor, are subject to adjustment as provided herein.

Section 1. Definitions. For all purposes of this Warrant the following terms shall have the meanings indicated:

"Aggregate Purchase Price" means $1,137,360.05.

"Commission" shall mean the Securities and Exchange Commission, or any other Federal agency then administering the Securities Act and/or the Exchange Act.

"Common Stock" shall mean the Common Stock of the Company, par value $0.001 per share.

"Company" shall mean Econnergy Energy Company, Inc., a corporation organized and existing under the laws of the State of New York and any corporation which shall succeed to, or assume, the obligations of said corporation hereunder.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Final Exercise Date" shall mean the first to occur of: (i) April 18, 2010; or (ii) the date on which the Company either is dissolved in accordance with the laws of its jurisdiction of incorporation or has distributed all of its assets to its stockholders (net of any reasonable reserves for the payment of outstanding debts of the Company).

"Initial Purchase Price" shall mean $3.79 per share.

"Purchase Price" shall mean the Initial Purchase Price as adjusted and in effect from time to time pursuant to the provisions hereof, times the number of Warrant Shares being purchased.

"Securities Act" shall mean the Securities Act of 1933, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Transfer" shall include any disposition of any Warrants or Warrant Shares, or of any interest in either thereof, which would constitute a sale thereof within the meaning of the Securities Act.

"Vested Shares" shall mean 5,000 multiplied by the number of whole calendar months that have passed since February 1, 2002 through a given date; provided that such number of months shall not include any period subsequent to the termination of the Master Aggregator Agreement between the Company and Mirant Americas, Inc.; and provided further that in no event shall Vested Shares exceed the number of shares of Common Stock set forth on the cover page of this Warrant; in each instance, adjusted as provided herein. By way of example, if the Master Aggregator Agreement is terminated effective May 10, 2003, then the Warrant shall be exercisable with respect to 75,000 shares (5,000 times fifteen) and the balance of the Warrant Shares shall be forfeited.

"Warrant" shall mean this Warrant and all Warrants issued in exchange, transfer or replacement thereof.

"Warrantholder" shall mean the registered holder or holders of this Warrant and any related Warrant Shares.

"Warrant Shares" shall mean the shares of Common Stock purchased or purchasable by the registered holder(s) of this Warrant upon the exercise thereof pursuant to Section 3 and all additional shares issued in respect thereof.

All terms used in this Warrant which are not defined in Section 1 shall have the respective meanings ascribed thereto elsewhere in this Warrant.

Section 2. Initial Number of Warrant Shares; Purchase Price. The Warrantholder shall have the right to purchase the Vested Shares, subject to adjustment as provided herein. Upon exercise of this Warrant, the Warrantholder shall pay the Purchase Price.

Section 3. Method of Exercise; Legend.

(a) Exercise of Warrant. This Warrant is exercisable in whole or in part with respect to the number of Vested Shares, adjusted as provided herein, at any time or from time to time on or after the date hereof and prior to the Final Exercise Date. In order to exercise this Warrant, the registered holder hereof shall complete the Subscription Form attached hereto, and deliver this Warrant and cash or a bank certified or cashier's check in an amount equal to the Purchase Price of the Warrant Shares being purchased, to the Company, at 286 North Main Street, Spring Valley, New York 10977 (or at such other location as the Company may designate by notice in writing to the holder of this Warrant). The Warrantholder may request that the Company accept payment for the Warrant Shares by the Warrantholder's surrender of Warrant Shares having an aggregate fair market value equal to the Purchase Price of the Warrant Shares being purchased. In the event that the Company grants such

request, the Board of Directors of the Company shall determine in its sole discretion the fair market value of the Warrant Shares proposed to be surrendered. If the Warrantholder finds such determination acceptable, the Warrantholder shall surrender, and the Company shall accept, such surrendered Warrant Shares in full payment of the Purchase Price of the purchased Warrant Shares. Upon acceptance by the Company of the Subscription Form, this Warrant and the Purchase Price, the Warrantholder shall be deemed a holder of record of the shares of Common Stock specified in said Subscription Form, and the Company shall, as promptly as practicable, and in any event within 10 business days thereafter, execute and deliver to such holder a certificate or certificates representing the aggregate number of shares of Common Stock specified in said Subscription Form. Each certificate so delivered shall be registered in the name of such holder or such other name as shall be designated by such holder. The Company shall pay all expenses, transfer and similar taxes and other charges payable in connection with the preparation, execution and delivery of certificates pursuant to this Section, except that, in case such certificates shall be registered in a name or names other than the name of the registered holder of this Warrant, funds sufficient to pay all stock transfer taxes which shall be payable upon the execution and delivery of such certificate or certificates shall be paid by the registered holder hereof to the Company at the time of delivering this Warrant to the Company as mentioned above.

(b) Transfer Restriction Legend. Each certificate for Warrant Shares initially issued upon exercise of this Warrant, unless at the time of exercise such Warrant Shares are registered under the Securities Act, shall bear a legend substantially similar to the following (and any additional legend required by any national securities exchange upon which such Warrant Shares may, at the time of such exercise, be listed) on the face thereof:

"THE SHARES OF STOCK REPRESENTED HEREBY HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW. NEITHER THESE SHARES, NOR ANY PORTION THEREOF OR INTEREST THEREIN, MAY BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED AND QUALIFIED IN ACCORDANCE WITH SAID ACT AND ANY APPLICABLE STATE SECURITIES LAW, OR IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED."

Any certificate issued at any time in exchange or substitution for any certificate bearing such legend (except a new certificate issued upon completion of a public distribution under an effective registration statement of the securities represented thereby) shall also bear such legend unless in the opinion of counsel specified in Section 5, the securities represented thereby need no longer be subject to the restrictions contained in this Warrant. The provisions of Section 5 shall be binding upon all subsequent holders of certificates bearing the above legend, and shall also be applicable to all subsequent holders of this Warrant.

(c) Character of Warrant Shares. All Warrant Shares issued upon the exercise of this Warrant shall be duly authorized, validly issued, fully paid and nonassessable; and without limiting the generality of the foregoing, the Company covenants and agrees that it will from time to time take all such action as may be requisite to assure that the par value, if any, per share of Common Stock is at all times equal to or less than the then effective Purchase Price per share.

Section 4. Ownership and Replacement.

(a) Ownership of this Warrant. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration or transfer as provided in this Section 4.

(b) Exchange and Replacement. This Warrant is exchangeable upon the surrender hereof by the registered holder to the Company at its office described in Section 3, for new Warrants of like tenor and date representing in the aggregate the right to purchase the number of Warrant Shares that may be purchased hereunder, each of such new Warrants to represent the right to purchase such number of shares as shall be designated by said registered holder at the time of surrender. Subject to compliance with Section 5, this Warrant and all rights hereunder are transferable in whole or in part upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new Warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of the transferee, upon surrender of this Warrant, duly endorsed, to said office of the Company. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and, in case of loss, theft or destruction, of an indemnity letter (reasonably satisfactory to the Company) of an institutional holder of this Warrant or in other cases, of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor, in lieu of this Warrant. This Warrant shall be promptly cancelled by the Company upon the surrender hereof in connection with any exchange, transfer or replacement. The Company shall pay all expenses, taxes (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of Warrants pursuant to this Section 4.

Section 5. Transfer of Warrants or Warrant Shares.

(a) Warrants and Warrant Shares Not Registered. The holder of this Warrant, by accepting this Warrant, represents and acknowledges that this Warrant and the Warrant Shares which may be purchased upon exercise of this Warrant are not being registered under the Securities Act on the grounds that the issuance of this Warrant and the offering and sale of such Warrant Shares are exempt from registration under the Securities Act pursuant to one or more exemptions therefrom, including Section 4(2) thereof.

Notwithstanding any provisions contained in this Warrant to the contrary, this Warrant and the related Warrant Shares shall not be transferable except upon the conditions specified in this Section 5, which conditions are intended, among other things, to ensure compliance with the provisions of the Securities Act and applicable state securities laws in respect of the transfer of this Warrant or of such Warrant Shares.

(b) Notice of Intention to Transfer; Opinion of Counsel. The holder of this Warrant, by accepting this Warrant, agrees that prior to any transfer of this Warrant or any transfer of the related Warrant Shares, such holder will (i) give written notice to the Company of its intention to effect such transfer, and (ii) deliver to the Company (a) an opinion of counsel experienced in securities matters (selected by such holder and reasonably satisfactory to the Company) as to the absence of the necessity of registration under the Securities Act, or (b) an interpretative letter from the Commission to the effect that the proposed transfer may be made without registration under the Securities Act, in either

case accompanied by evidence that such transfer will also be in compliance with applicable state securities ("blue sky") laws; provided, however, that the foregoing shall not apply with respect to any Warrant or Warrant Shares as to which there is a registration statement in effect under the Securities Act at the time of the proposed transfer.

By accepting this Warrant, the Warrantholder agrees to indemnify the Company and hold it harmless from and against all damages, losses, liabilities (including liability for rescission), costs and expenses which the Company may incur under the Securities Act or otherwise by reason of any misrepresentation by the Warrantholder of facts concerning it or any proposed transfer of the Warrants and/or Warrant Shares with respect to the availability of any exemption from registration under the Securities Act.

Section 6. Adjustment of Number of Shares and Purchase Price.

(a) Adjustments for Stock Dividends, Stock Splits or Consolidation or Combination of Shares. In the event of any increase or decrease in the number of the issued shares of the Common Stock by reason of a stock dividend, stock split, reverse stock split or consolidation or combination of shares and the like at any time or from time to time after the date hereof such that the holders of the Common Stock shall have had an adjustment made, without payment therefor, in the number of shares of the Common Stock owned by them or, on or after the record date fixed for the determination of eligible stockholders, shall have become entitled or required to have had an adjustment made in the number of shares of the Common Stock owned by them, without payment therefor, there shall be a corresponding adjustment as to the number of shares of the Common Stock issuable upon exercise of this Warrant (and to the Purchase Price under this Warrant) with the result that the Warrantholder's proportionate interest in the issued and outstanding Common Stock shall be maintained as before the occurrence of such event without change in the Aggregate Purchase Price.

(b) Adjustments for Recapitalization, Reclassification, Reorganization or Other Like Capital Transactions or for Merger and Consolidation. In the event the Company (or any other corporation the securities of which are receivable at the time upon exercise of the Warrant) shall effect a plan of recapitalization, reclassification, reorganization or other like capital transaction or shall merge or consolidate with or into another corporation or convey all or substantially all of its assets to another corporation at any time or from time to time on or after the date hereof, then in each such case the Warrantholder upon the exercise of this Warrant at any time after the consummation of such recapitalization, reclassification, reorganization or other like capital transaction or of such merger, consolidation or conveyance shall be entitled to receive (in lieu of the securities or other property to which such holder would have been entitled to receive upon exercise prior to such consummation), the securities or other property to which the Warrantholder would have been entitled to have received upon consummation of the subject transaction if the holder hereof had exercised this Warrant immediately prior to such consummation without adjustment to the Aggregate Purchase Price and all subject to further adjustment pursuant to Section 6(a) hereof.

(c) Adjustments for Other Dividends and Distributions. If at any time or from time to time after the date hereof, the Company pays a dividend or makes any other distribution of any kind to the holders of the Common Stock in their capacity as such payable in securities or other property of the Company other than shares of Common Stock, then in each such event provision shall be made so that the Warrantholder shall receive on exercise of this Warrant, in addition to the number of shares of Common Stock receivable upon such exercise, the amount of securities or other property of the Company that the Warrantholder would have received had it exercised this Warrant on the record date for determining the holders of Common Stock entitled to receive such dividend or other distribution and

had the Warrantholder thereafter, during the period from such record date to and including the Warrant exercise date, retained such securities receivable by it during such period, subject to all other adjustments required during such period under this Section 6 with respect to the rights of the Warrantholder or with respect to such other securities by their terms.

Section 7. Definition of Common Stock. As used herein, the term "Common Stock" shall include any capital stock of any class of the Company hereafter authorized which shall not be limited to a fixed sum or percentage of par value in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, and shall include any Common Stock of any class or classes resulting from any reclassification or reclassifications thereof.

Section 8. Special Agreements of the Company. The Company covenants and agrees that:

(a) Reservation of Shares. The Company will reserve and set apart and have at all times, free from preemptive rights, a number of shares of authorized but unissued Common Stock deliverable upon the exercise of Warrants, and it will have at all times any other rights or privileges sufficient to enable it at any time to fulfill all of its obligations hereunder.

(b) Avoidance of Certain Actions. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, issue or sale of securities or otherwise, avoid or take any action which would have the effect of avoiding the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in carrying out all of the provisions of this Warrant and in taking all of such action as may be necessary or appropriate in order to protect the rights of the Warrantholder against impairment.

(c) Governmental Approvals. If any shares of Common Stock required to be reserved for the purposes of exercise of this Warrant require registration with or approval of any governmental authority under any federal law (other than the Securities Act) or under any state law before such shares may be issued upon exercise of this Warrant, the Company will, at its expense, use its best efforts to cause such shares to be duly registered or approved, as the case may be.

(d) Listing on Securities Exchanges; Registration. If, and so long as, the Company's Common Stock shall be listed on any national securities exchange (as defined in the Exchange Act) or The Nasdaq Stock Market, the Company will, at its expense, obtain and maintain the approval for listing upon official notice of issuance of all shares of Common Stock receivable upon the exercise of this Warrant at the time outstanding and maintain the listing of such shares after their issuance; and the Company will so list on such national securities exchange or The Nasdaq Stock Market, will register under the Exchange Act (or any similar statutes then in effect), and will maintain such listing of, any other securities that at any time are issuable upon exercise of this Warrant if and at the time any securities of the same class shall be listed on such national securities exchange or The Nasdaq Stock Market by the Company.

(e) Successors. This Warrant shall be binding upon any corporation succeeding to the Company by merger or consolidation, and the Company will not enter into any such transaction without obtaining the written agreement of any such successor to be bound by the terms of this Warrant as if it were the issuer hereof.

(f) Communications to Shareholders. Any notice, document or other communication given or made by the Company to holders of Common Stock as such, shall at the same time and in the same manner be provided to the Warrantholder.

(g) Piggyback Registration under the Act. If, at any time, the Company proposes to register under the Securities Act the Common Stock (whether in a primary or secondary offering), or securities convertible into or exercisable for Common Stock, on a form under the Securities Act permitting registration of primary or secondary offerings, it will at such time give written notice of its intention to do so to the Warrantholder, and the Warrantholder shall have the right to participate in such registration as provided in this Section 8(g). The Company will give the Warrantholder at least 30 days' prior written notice of the filing of any such registration statement. If the Warrantholder desires to participate in such registration or qualification of shares of Common Stock, the Warrantholder shall notify the Company, within 15 days after notice from the Company of the proposed filing of any such registration statement, whether the Warrantholder desires to have included the shares of Common Stock acquired upon exercise of this Warrant or which may be acquired upon conversion of this Warrant (and which will be acquired in accordance with the terms of this Warrant prior to the effectiveness of any registration statement referred to herein). In the event the Company decides to proceed with such registration or qualification, the Company will, at its sole expense, use its reasonable efforts to cause the shares requested by the Warrantholder to be registered or qualified to permit the sale thereof; provided, however, that if, in connection with the offering by the Company of Common Stock or other securities pursuant to a registration statement under the Securities Act, the managing underwriter shall impose a limitation on the number of secondary shares of Common Stock which may be included in any such registration statement because, in its judgment, the inclusion of additional secondary shares would materially and adversely affect such public offering, then any shares to be sold by the Company shall have priority of registration and sale and in determining the number of secondary shares to be registered and sold, the number of shares of Common Stock otherwise required to be included in the underwritten public offering may be reduced; provided, however, that: (i) any such reduction of the shares of Common Stock to be included in such offering shall be allocated among the Warrantholder and all others having such registration rights (the "Rights Holders") in proportion, as nearly as possible, to the respective number of shares of Common Stock with such registration rights held by each Rights Holder to the number of shares of Common Stock with such registration rights then held by all Rights Holders; and (ii) to the extent that any shares of Common Stock issuable upon exercise of this Warrant are excluded from any registration of the Company's Common Stock described in this Section 8(g), the Warrantholder shall be entitled to participate, as provided in this Section 8(g), in subsequent registrations with respect to such excluded shares. The Company shall bear all of the expense of any registrations pursuant to this Section 8(g), except for the pro rata portion of brokerage or underwriters' discounts or commissions relating to the shares sold on behalf of the Warrantholder.

Section 9. Notifications by the Company. If at any time:

(a) the Company shall pay any dividend payable in stock upon Common Stock or make any distribution (other than cash dividends payable out of net earnings after taxes for the prior fiscal year) to the holders of Common Stock;

(b) the Company shall make an offer for subscription pro rata to the holders of its Common Stock of any additional shares of stock of any class or other rights;

(c) there shall be any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation; or

(d) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in any one or more of such cases, the Company shall give written notice to Warrantholder of the date on which (a) the books of the Company shall close, or a record shall be taken for such dividend, distribution or subscription rights, or (b) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of Common Stock of record shall participate in such dividend, distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, or winding-up, as the case may be. Such written notice shall be given not less than 15 days and not more than 90 days prior to the action in question and not less than 15 days and not more than 90 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto and such notice may state that the record date is subject to the effectiveness of a registration statement under the Securities Act, or to a favorable vote of stockholders, if either is required.

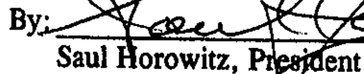
Section 10. Notices. Any notice or other document required or permitted to be given or delivered to Warrantholders shall be delivered at, or sent by certified or registered mail to the Warrantholder at, the most recent address of the Warrantholder shown on the stock records of the Company, or to such other address as shall have been furnished to the Company in writing by such Warrantholder. Any notice or other document required or permitted to be given or delivered to the Company shall be sent by certified or registered mail to the Company at its address set forth in Section 3, or such other address as shall have been furnished to the Warrantholder by the Company.

Section 11. No Rights as Shareholder; Limitation of Liability. Except as otherwise provided herein, this Warrant shall not entitle any Warrantholder to any of the rights of a shareholder of the Company. No provision hereof, in the absence of affirmative action by the Warrantholder to purchase shares of Common Stock hereunder, and no mere enumeration herein of the rights or privileges of the holder hereof, shall give rise to any liability of such holder for the Purchase Price or any rights of such holder as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

Section 12. Miscellaneous. This Warrant shall be governed by, and construed and enforced in accordance with, the laws of the State of New York. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party (or any predecessor in interest thereof) against which enforcement of the same is sought. The headings in this Warrant are for purposes of reference only and shall not affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, Econnergy Energy Company, Inc. has caused this Warrant to be signed by its duly authorized officer under its corporate seal, attested by its duly authorized officer, and to be dated as of February 1, 2002.

ECONNERGY ENERGY COMPANY, INC.



By: ______________________
Saul Horowitz, President

Attest:

Gary Bondi, Chairman

EXHIBIT “B”

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Settlement Agreement") is entered into as of March 30, 2004, between and among Mirant Americas Energy Marketing, LP ("MAEM"), Mirant Americas, Inc. ("Mirant Americas") and Econnergy Energy Company ("Econnergy").

WITNESSETH:

WHEREAS, Mirant Americas and Econnergy entered into that certain Master Aggregator Agreement, dated as of November 2, 2001, as modified and amended by that certain First Amendment to Master Aggregator Sale/Purchase Agreement dated as of December 10, 2002 (the "Master Agreement");

WHEREAS, in connection with the Master Agreement, Econnergy delivered to Mirant Americas a Warrant, dated February 1, 2002, entitling Mirant Americas and its assigns to purchase up to 300,095 shares of common stock of Econnergy;

WHEREAS, Mirant Americas and Econnergy terminated the Master Agreement, effective January 10, 2003, and in connection therewith, Econnergy issued a Promissory Note, dated January 10, 2003, to MAEM in the principal amount of $2,218,676 (the "Note");

WHEREAS, pursuant to the terms of the Note, Econnergy promised to repay the principal amount and accrued interest of the Note in eighteen (18) equal monthly installments of $132,291.92 beginning on April 20, 2003 and ending September 20, 2004;

WHEREAS, on July 14, 2003 (the "Petition Date"), Mirant Corporation and certain of its direct and indirect subsidiaries, including MAEM and Mirant Americas, each filed a voluntary petition for relief with the United States Bankruptcy Court, Northern District of Texas, Fort Worth Division (the "Bankruptcy Court") (Case No. 03-46590) pursuant to chapter 11 of title 11 of the United States Code (the "Chapter 11 Proceeding");

WHEREAS, as of March 25, 2004, the outstanding balance due on the Note was $788,669.00;

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WHEREAS, the parties desire to avoid further uncertainty and expense related to the repayment of the Note and the exercise of the Warrant and the parties wish to resolve all matters and issues between them relating to the Master Agreement, Warrant and Note pursuant to this Settlement Agreement;

WHEREAS, the parties hereto acknowledge that they will derive substantial benefit from this Settlement Agreement and that they are receiving fair consideration and reasonable equivalent value for the exchanges and releases herein; and

NOW, THEREFORE, in consideration of the promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed by and among the parties to this Settlement Agreement as follows:

1. Payment of Note. On or before the third business day following the entry of the Approval Order (defined below), Econnergy shall pay to MAEM, in full and final satisfaction of the Note, all unpaid principal and accrued interest owing under the Note as of the date of such payment less $50,000.00 (the "Final Settlement Amount"). The Final Settlement Amount shall be made by wire transfer to the following Mirant account:

Bank of America, N.A.
Dallas, Texas
ABA #111000012
Account # 3751003269.

2. Surrender of Warrant. Upon receipt in full of payment of the Final Settlement Amount, Mirant Americas automatically, and without further action by either party, shall completely, irrevocably and unequivocally surrender the Warrant to Econnergy, and Econnergy shall be released from any further obligations to Mirant Americas pursuant thereto. However, should Econnergy fail to timely pay the Final Settlement Amount as contemplated herein, the Warrant shall continue in full force and effect.

3. Release of Econnergy. MAEM and Mirant Americas, for itself and for its partners, members, representatives, attorneys, administrators, beneficiaries, successors and

assigns, and any and all of its parents, subsidiaries and affiliated entities, do hereby remise, release and forever discharge Econnergy and any and all of its parents, subsidiaries, affiliates, members and partners, and each of them, together with their respective directors, officers, employees, agents, attorneys, insurers, representatives, successors and assigns, from and against any and all claims, actions, cause and causes of action, suits, debts, sums of money, accounts, agreements, promises, undertakings, demands, fines, damages, penalties, sanctions, costs, or attorneys' fees, of any nature whatsoever, whether in law or equity, or any other form, whether now known, unknown, asserted, unasserted, foreseen, unforeseen, contingent, actual, liquidated, or unliquidated, in any way related to, connected to, or arising out of, the Master Agreement, the Warrant, and the Note, any amendments thereto; provided, however, that expressly excluded from this release are (a) any and all claims by Mirant to enforce any of its rights under this Settlement Agreement and (b) the obligations of Econnergy under this Settlement Agreement.

4. Release of Mirant. Econnergy, for itself and its partners, members, representatives, attorneys, administrators, beneficiaries, successors and assigns, and any and all of their parents, subsidiaries and affiliated entities, does hereby remise, release and forever discharge MAEM and Mirant Americas, and any and all of its parents, subsidiaries, affiliates, members and partners, and each of them, including, but not limited to, Mirant Corporation, together with their respective directors, officers, employees, agents, attorneys, insurers, representatives, successors and assigns, from and against any and all claims, actions, cause and causes of action, suits, debts, sums of money, accounts, agreements, promises, undertakings, demands, fines, damages, penalties, sanctions, costs, or attorneys' fees, of any nature whatsoever, whether in law or equity, or any other form, whether now known, unknown, asserted, unasserted, foreseen, unforeseen, contingent, actual, liquidated, or unliquidated, in any way related to, connected to, or arising out of the Master Agreement, the Warrant, and the Note, any amendments thereto; provided, however, that expressly excluded from this release are (a) any and all claims by Econnergy to enforce any of its rights under this Settlement Agreement, and (b) all obligations of Mirant under this Settlement Agreement.

5. Approval Order. This Settlement Agreement shall be binding on MAEM, Mirant Americas and Econnergy as of the date hereof, subject to the entry of the Approval Order. For purposes of this Settlement Agreement, the "Approval Order" shall mean an order, reasonably acceptable to MAEM, Mirant Americas and Econnergy, that has been entered by the Bankruptcy Court, after notice and hearing, approving this Settlement Agreement. In the event the Approval Order is not entered by the Bankruptcy Court by May 14, 2004, or by such later date that the parties agree to in writing, this Settlement Agreement shall be deemed to have terminated and be null and void and neither party shall have any obligations to the other party arising out of this Settlement Agreement.

6. No Prior Representation. All prior discussions, understandings, representations, conditions, warranties, covenants, negotiations, agreements and all other communications between or among the parties pertaining to the subject matter of this Settlement Agreement are hereby superseded and merged herein. The parties represent and acknowledge that in executing this Settlement Agreement they do not rely and have not relied upon any representation or statement not set forth herein with regard to the subject matter, basis, or effect of this Settlement Agreement or otherwise.

7. Entire Agreement. This Settlement Agreement, including the recitals, represents the entire agreement of the parties with respect to the subject matter hereof. This Settlement Agreement may not be modified, changed, amended, supplemented or rescinded except pursuant to a written instrument duly executed by all of the parties. Each party acknowledges and agrees that it shall not make any claim, at any time, that this Settlement Agreement has been orally altered or modified in any respect whatsoever.

8. Severability. The provisions of this Settlement Agreement are severable, and if any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be deemed to be deleted to the extent that it is found to be invalid or unenforceable. Such an invalid or unenforceable provision shall not affect the validity of the

remainder of this Settlement Agreement, and the remaining provisions shall continue in full force and effect.

9. No Party Deemed Drafter. The parties shall jointly be deemed to be the drafters of this Settlement Agreement and the rule that any ambiguity in a document shall be construed against the party drafting the document shall not apply to this Settlement Agreement.

10. Headings. The paragraph headings in this Settlement Agreement are included for convenience only, and do not in any way define, limit, alter, affect or control the matters contained in this Settlement Agreement, or the paragraphs that they encaption.

11. No Waiver. No waiver or indulgence of any breach or series of breaches of this Settlement Agreement shall be deemed a waiver of any other breach of this Settlement Agreement or any of its provisions or affect the enforceability of the remainder of this Settlement Agreement.

12. Notice. Notice by a party to any other party shall be delivered in writing and shall be deemed to have been duly given if delivered personally, delivered by courier, sent by facsimile transmission during normal business hours to the facsimile transmission numbers set forth below, or sent by mail in a registered or certified postage prepaid envelope, return receipt requested, addressed as follows:

To MAEM or Mirant Americas:

Mirant Americas Energy Marketing, LP
1155 Perimeter Center West
Atlanta, GA 30338-5416
Attn: Legal Department
Facsimile No.: 678.579.6770

To Econnergy:

Econnergy Energy Company, Inc.
286 North Main Street
Spring Valley, NY 10977
Attn: Gary Bondi
Facsimile No.: 845-371-2303

or to such other address for notice of which the parties have advised or may advise each other in writing in accordance with the provisions of this paragraph. Notice shall be deemed to have been delivered only upon actual delivery to the foregoing addresses (by hand delivery, courier or facsimile transmission with written confirmation of receipt), or two (2) business days after deposit in the United States mail, postage prepaid, addressed to the foregoing addresses.

13. Choice of Law. This Settlement Agreement shall be governed by, subject to, and construed in accordance with the laws of the State of New York without regard to its internal conflicts of law principles.

14. Counterparts. This Settlement Agreement may be executed in two or more counterparts and/or by facsimile, each of which shall be deemed an original and any set of which, when taken together, shall constitute one and the same instrument and be sufficient proof of the instrument so constituted. Notwithstanding the foregoing, if a signature page is transmitted by facsimile, the party so transmitting shall deliver the original signature page to the other parties as soon as reasonably possible after facsimile transmission.

15. Benefit of Successors. This Settlement Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors, partners, members, assigns, divisions, parents, affiliates and subsidiaries.

16. Authority To Execute. Each person signing this Settlement Agreement represents and warrants that he/she has read and understands the terms of the Settlement Agreement and that he/she has full power and authority to execute this Settlement Agreement on behalf of the real party in interest for which he/she is signing and to bind that real party in interest legally to the terms of this Settlement Agreement; provided, however that the parties acknowledge that the enforceability of this Settlement Agreement is subject to the entry of the Approval Order.

THE PARTIES FURTHER STATE THAT THEY HAVE CAREFULLY READ THIS SETTLEMENT AGREEMENT, WHICH INCLUDES A RELEASE BY THEM OF

CLAIMS, THAT THEY HAVE HAD SUFFICIENT TIME TO REVIEW THE SETTLEMENT AGREEMENT AND CONSULT WITH SUCH ADVISORS AS THEY DEEM APPROPRIATE, THAT THEY FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THE SETTLEMENT AGREEMENT, THAT THE ONLY PROMISES MADE ARE THOSE STATED HEREIN AND THAT THEY ARE SIGNING THIS AGREEMENT KNOWINGLY AND VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING CERTAIN OF THE OTHER PARTIES IN THE MANNER DESCRIBED HEREIN.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement as of the date written above.

MIRANT AMERICAS, INC.

By: [signature]

Its: VP

MIRANT AMERICAS ENERGY MARKETING, LP

By: [signature]

Its: VP

ECONNERGY ENERGY COMPANY, INC.

By: [signature]

Its: Chairman

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS

In re	)	Chapter 11 Case
MIRANT CORPORATION, et al.,	)	Case No. 03-46590(DML)11
	)	Jointly Administered
Debtors.	)	

ORDER APPROVING DEBTORS' MOTION PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR APPROVAL OF SETTLEMENT AGREEMENT BETWEEN AND AMONG MIRANT AMERICAS ENERGY MARKETING, LP, MIRANT AMERICAS, INC AND ECONNERGY ENERGY COMPANY, INC.

Upon the motion, dated April 19, 2004 (the "Motion"), [1] Mirant Corporation and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors"), pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure for entry of an order authorizing Mirant Americas Energy Marketing, LP ("MAEM") and Mirant Americas, Inc. ("Mirant Americas") to enter into that certain Settlement Agreement, dated March 30, 2004 (the "Settlement Agreement"), with Econnergy Energy Company, Inc. ("Econnergy"); and it appearing that the Court has jurisdiction over this matter; and it appearing that due and proper notice of the Motion has been provided and that no other or further notice need be provided; and the Court having held a hearing on May 12, 2004 (the "Hearing") to consider the Motion, the relief requested therein, and any responses thereto; and the Court having rendered its decision on the record at the Hearing; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Motion is granted; and it is further

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[1] Capitalized terms not otherwise defined herein shall bear the same meanings ascribed to them in the Motion.

ORDERED that pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure, the Debtors are authorized to enter into the Settlement Agreement; and it is further

ORDERED that the Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Settlement Agreement or the implementation of this Order.

Dated: Fort Worth, Texas
May __, 2004

____
HONORABLE D. MICHAEL LYNN
UNITED STATES BANKRUPTCY JUDGE

PREPARED BY:

Robin Phelan
State Bar No. 15903000
Judith Elkin
State Bar No. 06522200
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Dallas, TX 75202
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-and-

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Craig H. Averch
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Miami, Florida 33131
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