

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

**U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS**

ENTERED

**THE DATE OF ENTRY IS
ON THE COURT'S DOCKET
TAYANA C. MARSHALL, CLERK**

In re))	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,))	Case No. 03-46590
Debtors.))	Jointly Administered

**ORDER PURSUANT TO 11 U.S.C. §§ 362, 363 AND 364(d)
FOR ORDER (I) AUTHORIZING MIRANT SERVICES, LLC TO (a) ENTER
INTO A WORKERS' COMPENSATION INSURANCE POLICY AND RELATED
INSURANCE PROGRAM AGREEMENT WITH ACE AMERICAN INSURANCE
COMPANY, AND (b) (i) PROVIDE A LETTER OF CREDIT TO ACE AND (ii)
ESTABLISH A PAID LOSS DEPOSIT FUND IN CONNECTION THEREWITH
AND (II) GRANTING RELATED RELIEF**

Upon the Motion, dated February 6, 2004, of Mirant Corporation ("Mirant") and its affiliated debtors, as debtors and debtors-in-possession (collectively, the "Debtors"),¹ pursuant to 11 U.S.C. §§ 362, 363, and 364(d) for entry of an order (I) authorizing Mirant Services, LLC² to (a) enter into a new workers' compensation insurance policy and the related insurance program agreement with ACE American Insurance Company ("ACE") and (b) (i) to provide a letter of credit and other collateral in connection therewith, and (II) granting related relief; and it appearing that due and proper notice of the Motion and the hearing thereon having been provided; and the Court having held a hearing to consider the Motion, the relief requested therein, and any responses thereto; and the Court having rendered its decisions on the record at the hearing; and after due deliberation and sufficient cause appearing therefor, it is hereby

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

² All of the Debtors' employees are employed by Mirant Services, LLC.

ORDERED that the Motion is granted upon the terms and conditions specified herein; and it is further

ORDERED that the Debtors are authorized to enter into the ACE Policy and Program Agreement *nunc pro tunc* to February 1, 2004; and it is further

ORDERED that the Debtors are authorized to perform their obligations under the ACE Policy, including without limitation, (a) to secure the Debtors' obligations under the ACE Policy, posting a letter of credit in favor of ACE in the amount of \$1.2 million under the Debtors' Debtor in Possession Credit Agreement with General Electric Capital Corp., as Agent and Lender, dated November 5, 2003; (b) establishing the Paid Loss Deposit Fund upon which ACE shall have a first priority lien and security interest, *nunc pro tunc* to February 1, 2004; and (c) to deliver additional letters of credit to ACE or otherwise deposit additional funds in the Paid Loss Deposit Fund; and it is further

ORDERED that (a) ACE is hereby granted a valid and perfected, senior lien, with priority over any other liens, pursuant to Section 364(d) of the Bankruptcy Code, upon the Paid Loss Deposit Fund and (b) ACE may (but shall not be required to) take any actions as may be necessary or desirable, from time to time, to perfect such security interests and liens, and it is further

ORDERED that ACE may (a) use and apply the (i) Paid Loss Deposit Fund and (ii) Letter of Credit, and (b) otherwise cancel the ACE Policy, each pursuant to the terms of the ACE Policy without further order of the Court and, ACE is hereby granted relief from the automatic stay imposed by section 362 of the Bankruptcy Code provided, however, that nothing contained herein shall be construed to impair the Debtors' rights under the ACE Policy,

including but not limited to the right to assert that ACE may not cancel the ACE Policy pursuant to its terms; 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 implementation of this Order.

Dated: Fort Worth, Texas
February 26, 2004.



HONORABLE D. MICHAEL LYNN
UNITED STATES BANKRUPTCY JUDGE