U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
ENTERED
TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

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

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

ORDER (a) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING FROM GENERAL ELECTRIC CAPITAL CORPORATION, AS AGENT, PURSUANT TO SECTIONS 105, 362, AND 364 OF THE BANKRUPTCY CODE, AND (b) GRANTING LIENS AND SUPERPRIORITY CLAIMS

Upon the motion, dated September 5, 2003 (the "Motion"), of Mirant Corporation and certain of its affiliated debtors, being party to the DIP Facility (defined below) as a borrower[1] (collectively, the "Borrowers") and each as a debtor and debtor in possession (each individually, a "Debtor" and, collectively, the "Debtors"):

(a) for authorization and approval, pursuant to sections 105, 362, and 364 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for the Borrowers to obtain

[1] Other than with respect to paragraph 30 hereof, the following entities which are debtors and debtors-in-possession in these chapter 11 cases are not "Borrowers" or "Debtors" for the purposes of this Order: Mirant EcoElectrica Investments I, Ltd, Puerto Rico Power Investments, Ltd and West Georgia Generating Company, LLC. In addition, on October 3, 2003, Mirant Wrightsville Management, Inc., Mirant Wrightsville Investments, Inc., Wrightsville Power Facility, L.L.C. and Wrightsville Development Funding, L.L.C. (collectively, the "Wrightsville Debtors") each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On October 6, 2003, the Wrightsville Debtors filed a separate motion (the "Wrightsville Motion") requesting, among other things, approval from this Court to be deemed to be borrowers under the DIP Facility, which motion remains sub judice. Upon entry of an order by this Court approving the Wrightsville Motion as it relates to the DIP Facility, subject to the terms thereof and any other order of the Court, the Wrightsville Debtors shall be deemed to be "Borrowers" and "Debtors" hereunder for all purposes.

secured postpetition financing (the "DIP Facility"), including, without limitation, principal, accrued interest, unpaid fees and expenses, and all other amounts due from time to time, under the documents referred to below (collectively, the "DIP Facility Obligations"), from a syndicate of financial institutions and issuers of certain letters of credit (in such capacity, the "DIP Facility Lenders") for whom General Electric Capital Corporation ("GE") will act as agent (in such capacity, the "DIP Facility Agent") and as the initial sole DIP Facility Lender; and

(b) for authorization and approval of the DIP Facility Documents (as defined below) and to create in favor of the DIP Facility Agent, for the benefit of the DIP Facility Lenders, the superpriority claims and a legal, valid, perfected and enforceable security interest in all right, title and interest of the Debtors in the Collateral[2] described therein, including:

(i) Superpriority Claims. Pursuant to Section 364(c)(1) of the Bankruptcy Code, the DIP Facility Obligations at all times shall constitute superpriority claims (the "DIP Facility Superpriority Claims") in each of the Debtors' chapter 11 cases (the "Cases"), having priority over all administrative expenses of the kind specified in section 503(b) or 507(b) of the Bankruptcy Code, subject only to the Carve-Out (as defined below);

(ii) Liens. Pursuant to section 364(c)(2) of the Bankruptcy Code, the DIP Facility Obligations at all times shall be secured by a first priority perfected Lien on the Collateral that is not encumbered by Liens in favor of any other Person, but excluding the Debtors' avoidance actions under sections 544 to 548 of the Bankruptcy Code, subject only to the Carve-Out. Pursuant to section 364(c)(3) of the Bankruptcy Code, the DIP

[2] All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the DIP Facility Documents (defined in paragraph "E" herein).

Facility Obligations at all times shall be secured by a perfected Lien on that Collateral encumbered by Filing Date Liens (as defined below), subject only to the (x) the Carve-Out and (y)(I) valid, perfected, enforceable and unavoidable security interests and liens in existence on the date hereof, or (II) to valid, enforceable and unavoidable security interests and liens existing on the Filing Date that are perfected subsequent to the Filing Date (as used herein, the term "Filing Date" shall mean, with respect to each Debtor, the date upon which the Debtor filed a voluntary petition for relief commencing its chapter 11 case herein) as permitted by section 546(b) of the Bankruptcy Code (such security interests and liens set forth in sub-clauses (I) and (II), the "Filing Date Liens"), and senior in all respects to all other security interests and liens;

(iii) Cash Collateral Account. Pursuant to section 364(c)(2) of the Bankruptcy Code, the DIP Facility Obligations at all times shall be secured by perfected first priority security interests, senior to any other liens other than Permitted Liens, in favor of the DIP Facility Agent, on behalf of itself and the DIP Facility Lenders, on a segregated cash collateral account (the "Cash Collateral Account") and all cash, cash equivalents, securities, securities entitlements, instruments and other property held from time to time on deposit in such account (and all proceeds thereof and distributions therefrom).

Notice of the Motion and the Hearing having been given by the Debtors pursuant to Bankruptcy Rule 4001(c)(1) as provided in paragraph "G" below; and upon objections[3] to the Motion (the "Objections") having been filed with this Court; and the Hearing having been held on October 20, 2003; and upon all the pleadings filed with this Court and upon the record made by the Debtors and the Court at the Hearing and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS HEREBY FOUND:

A. Commencing on July 14, 2003 and concluding in the early hours of July 15, 2003, and from time to time thereafter, the Debtors each commenced in this Court a case under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their respective businesses and manage their respective properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. Pursuant to an order of this Court, the Cases have been consolidated for procedural purposes only and are being jointly administered.

C. This Court has jurisdiction over this proceeding and the parties in interest and properties and interests in properties affected hereby under sections 157(b) and 1334 of title 28 of the United States Code (the "Judiciary Code"). Consideration of the Motion constitutes a

[3] Objections to the Motion have been filed by the following parties in interest: (1) Limited Objection by El Paso Merchant Energy L.P., dated September 25, 2003; (2) Objection by the Official Committee for the Unsecured Creditors of Mirant Corporation, dated September 29, 2003; (3) Objection by the Official Committee for the Unsecured Creditors of Mirant Americas Generation, LLC, dated September 29, 2003; (4) Limited Objection by the Owner Lessors/Participants in relation to certain Facility Lease Agreements entered into by Mirant Mid-Atlantic, LLC, dated October 1, 2003; (5) Joinder of the Agents for Mirant Corporation's Prepetition Bank Lenders to the Objection filed by the Official Committee of the Unsecured Creditors of Mirant Americas Generation, LLC, dated October 6, 2003; and (6) Amended Joinder of the Agents for Mirant Corporation's Prepetition Bank Lenders in support of the Objection filed by the Official Committee for the Unsecured Creditors of Mirant Corporation, dated October 6, 2003.

core proceeding under section 157(b)(2) of the Judiciary Code. The statutory predicates for the relief sought in the Motion are sections 105, 362, and 364 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, and 9014. Venue of the Cases and the Motion in this District is proper pursuant to sections 1408 and 1409 of the Judiciary Code.

D. The Debtors' are seeking debtor in possession financing for their working capital and other general corporate purposes and to enable the Debtors' to reorganize their businesses.

E. The Debtors are unable to obtain debtor in possession financing from sources other than the DIP Facility Lenders on terms more favorable than under the DIP Facility and any and all documents and instruments delivered pursuant thereto or in connection therewith (inclusive of the DIP Facility Credit Agreement (as defined below), the "DIP Facility Documents"). The Debtors have been unable to obtain debtor in possession financing solely under section 503(b)(1) of the Bankruptcy Code as an administrative expense. A debtor in possession financing facility is unavailable to the Debtors without their (i) granting superpriority claims, and (ii) securing such loans and other obligations with liens on and security interests in the prepetition and postpetition assets, properties and interests in property of the Debtors as provided herein and in the DIP Facility Documents.

F. The DIP Facility Lenders have indicated a willingness to consent and agree to provide financing to the Debtors subject to, inter alia, (i) the entry of this Order, (ii) the terms and conditions of the DIP Facility Documents, and (iii) findings by the Court that such financing is in the best interests of the Debtors' estates and is extended in good faith, and that the DIP Facility Agent's and/or the DIP Facility Lenders' security interests, liens, encumbrances, claims, superpriority claims and other protections granted pursuant to this Order and the DIP

Facility Documents will not be affected by any subsequent reversal, modification, vacatur or amendment of this Order or any other order, as provided in section 364(e) of the Bankruptcy Code.

G. Notice of the Hearing and the relief requested in the Motion has been provided to (i) the Office of the United States Trustee for the Northern District of Texas, (ii) counsel to the Committee (as defined below), (iii) counsel for GE, (iv) mechanics' lien holders, if any, or their counsel, if known, (v) the office of the United States Attorney for the Northern District of Texas, (vi) the Securities and Exchange Commission, (vii) the District Director of Internal Revenue for the Northern District of Texas, (viii) taxing authorities, (ix) Federal Energy Regulatory Commission, (x) the Debtors' landlords, (xi) counsel to any prepetition secured lender to the Debtors, and (xii) any party entitled to receive notice pursuant to this Court's Order Granting Complex Chapter 11 Case Treatment, dated July 15, 2003. Under the circumstances, requisite notice thereby has been given in accordance with Bankruptcy Rule 4001 and under the Bankruptcy Code, including, without limitation, sections 102(1) and 364 of the Bankruptcy Code, and no other notice need be given for entry of this Order.

H. The ability of the Debtors to finance their operations and the availability to them of sufficient working capital through the incurrence of new indebtedness for borrowed money and other financial accommodations, including credit support, is in the best interests of the Debtors and their respective creditors and estates.

I. Based upon the record presented by the Debtors to this Court at the Hearing it appears to the Court that: (i) the terms of the financing pursuant to the DIP Facility Documents are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duty, and are supported by reasonably equivalent value and fair

consideration, and (ii) the DIP Facility Documents have been negotiated in good faith and at arm's length among the Debtors, the DIP Facility Agent and the DIP Facility Lenders, and any credit extended, letters of credit issued, loans made and other financial accommodations extended to the Debtors by the DIP Facility Lenders shall be deemed to have been extended, issued or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

J. All of the DIP Facility Obligations incurred and transfers made pursuant to this Order and the DIP Facility Documents have been made for "fair consideration" and "reasonably equivalent value" as such terms are used in section 548 of the Bankruptcy Code or any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. The Motion is granted.

2. The Objections, except to the extent otherwise resolved herein, are hereby overruled.

3. Subject to paragraph 31 hereof, the Debtors are authorized to enter into the DIP Facility and to execute and deliver that certain Debtor-in-Possession Credit Agreement (the "DIP Facility Credit Agreement") by and among the Borrowers, the DIP Facility Agent and the DIP Facility Lenders, in substantially the form annexed to the Motion (with such modifications as provided for in paragraph 25 below), and the DIP Facility Documents and to borrow money, incur indebtedness and perform their respective obligations hereunder and thereunder in accordance with, and subject to, the terms thereof and this Order. Upon execution and delivery of the DIP Facility Documents, the DIP Facility Documents shall constitute legal, valid and

binding obligations of each Debtor, enforceable against each such Debtor in accordance with their terms.

4. For all of the Debtors' DIP Facility Obligations and indebtedness arising under the DIP Facility and the DIP Facility Documents, the DIP Facility Lenders and the DIP Facility Agent are granted, pursuant to section 364(c)(1) of the Bankruptcy Code, the DIP Facility Superpriority Claims as described in subparagraph (b)(i) of the first paragraph of this Order (which claim shall be payable from and have recourse to, in addition to the Collateral, any postpetition property of the Debtors), with the seniority, scope and effect set forth in such subparagraph, subject to (a) the allowed unpaid fees and expenses payable under Sections 330 and 331 of the Bankruptcy Code to professional persons retained pursuant to orders of the Bankruptcy Court by the Borrowers or the Committee (as defined below) in the Cases, (b) reimbursement of expenses incurred by members of (i) any statutory committee of unsecured creditors and (ii) any statutory committee of equity security holders, in each case, appointed in the Cases pursuant to section 1102 of the Bankruptcy Code (collectively, the "Committee") in the performance of their duties that are allowed by the Bankruptcy Court, (c) administrative expenses incurred outside the ordinary course of business as approved by this Court and (d) payment of fees pursuant to 28 U.S.C. § 1930 and to the clerk of the Bankruptcy Court in an aggregate amount for clauses (a), (b), (c) and (d) not to exceed $10,000,000 (clauses (a), (b) and (c) collectively, the "Carve-Out"); provided, however, that (x) so long as no Default or Event of Default shall have occurred or be continuing, the provisions of paragraph 5 below shall apply, (y) on any date occurring from and after the Commitment Termination Date, the Cash Collateral Account and any cash or Cash Equivalents held from time to time therein, shall not be subject to the Carve-Out, and (z) the Carve-Out shall not include, apply to or be available for any fees or

expenses incurred by any party, including the Borrowers or any Committee, in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against DIP Facility Agent or DIP Facility Lenders, in their capacity as such, including, without limitation, challenging the amount, validity, perfection, priority or enforceability of, or asserting any defense, counterclaim or offset to, the DIP Facility Obligations or the security interests and Liens of the DIP Facility Agent and the DIP Facility Lenders in respect thereof or asserting any claims or causes of action, including, without limitation, any actions under chapter 5 of the Bankruptcy Code against the DIP Facility Agent or the DIP Facility Lenders. The foregoing shall not in any way prejudice or prevent the DIP Facility Agent or the DIP Facility Lenders from objecting, for any reason, to any requests, motions or applications made in the Bankruptcy Court, including any applications for interim or final allowances of compensation for services rendered or reimbursement of expenses referred to above or otherwise incurred under sections 105(a), 330, 331, 503(b), 507(b) or 1114 of the Bankruptcy Code, by any party in interest.

5. So long as no Default or Event of Default shall have occurred and be continuing, the Borrowers shall be permitted to pay compensation and reimbursement of expenses allowed and payable under sections 330 and 331 of the Bankruptcy Code or any order of the Bankruptcy Court governing procedures for interim compensation and reimbursement of expenses of professionals, as the same may be due and payable, and the same shall not reduce the Carve-Out. Except to the extent of the Carve-Out, no consent to the charging of expenses of administration of these Cases or any future proceeding or case which may result therefrom, including liquidation in bankruptcy or any other proceedings under the Bankruptcy Code, pursuant to section 506(c) of the Bankruptcy Code or otherwise, shall be implied from any

action, inaction or acquiescence by the DIP Facility Agent or the DIP Facility Lenders with respect to the Collateral, unless prior written consent is given by the DIP Facility Agent with respect thereto.

6. As security for the DIP Facility Obligations, including any other indebtedness or obligations, contingent or absolute which may now or from time to time hereafter be owing by the Debtors to the DIP Facility Agent or the DIP Facility Lenders or any issuing bank hereunder or under any of the other DIP Facility Documents, subject to the provisions contained herein, the DIP Facility Agent is hereby granted (effective as of the date hereof and without the necessity of the execution by the Debtors or the filing or recordation of mortgages, security agreements, financing statements or otherwise) for the sole benefit of the DIP Facility Agent and the DIP Facility Lenders the DIP Facility Liens, all with perfection, seniority, scope and effect set forth in subparagraphs (b)(ii) and (b)(iii) of the first paragraph of this Order subject to the Carve-Out. The security interests and liens granted to the DIP Facility Agent hereunder shall not be subject to any security interest or lien that is avoided and preserved for the benefit of the estates of any of the Debtors under section 551 of the Bankruptcy Code. Other than with respect to the Carve-Out, Permitted Liens and Filing Date Liens as set forth herein, the security interests and liens granted to the DIP Facility Agent shall not be made on a parity with, or subordinated to, any other security interest or lien under section 364(d) of the Bankruptcy Code or otherwise.

7. The Debtors may use the proceeds of the DIP Facility only for the purposes specifically set forth in the DIP Facility Credit Agreement, subject to the provisions of paragraphs 8, 9 and 10 hereof. Notwithstanding anything set forth herein or in the DIP Facility Credit Agreement to the contrary, no such loans or advances or any proceeds of the DIP Facility

and none of the Carve-Out may be used by the Debtors or any other party, including the Committees, in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Facility Agent or the DIP Facility Lenders in their capacities as such, including, without limitation, objecting to, contesting or challenging the amount, validity, extent, perfection, priority or enforceability of, or asserting any defense, counterclaim or offset to, the DIP Facility Obligations or the security interests and liens of the DIP Facility Agent and the DIP Facility Lenders in respect thereof or asserting any claims or causes of action, including, without limitation, any actions under chapter 5 of the Bankruptcy Code against the DIP Facility Agent or the DIP Facility Lenders in their capacity as such.

8. The aggregate principal amount of all outstanding Revolving Loans under the DIP Facility Credit Agreement shall not exceed an amount (the "Initial Borrowing Sublimit") equal to $200,000,000. Upon this Court having entered an order (the "Risk Management Order") approving modifications to the Interim Order regarding the Debtors' Risk Management Policy dated August 27, 2003, such terms to have been agreed upon by the Official Committee for the Unsecured Creditors of Mirant Corporation (the "Mirant Committee") and the Official Committee for the Unsecured Creditors of Mirant Americas Generation, LLC (the "MAG Committee", and together with the Mirant Committee, the "Creditors' Committees"), and the Official Committee of Equity Security Holders (the "Equity Committee"), the Initial Borrowing Sublimit shall be increased to an aggregate principal amount equal to $300,000,000, such increase to remain in full force until the effective date of a confirmed plan of reorganization with respect to the Debtors. Notwithstanding the foregoing, the Initial Borrowing Sublimit may also be increased at any time up to an amount equal to the Commitment, upon (a) each of the Creditors' Committees and the Equity Committee having provided their prior written consent to

such increase, or (b) following notice and hearing, this Court having entered an order approving such increase. In the event that the Debtors seek to increase the Initial Borrowing Sublimit in accordance with the provisions of sub-paragraph (b) above, nothing in this Order shall prejudice the rights of either of the Creditors' Committees or Equity Committee to oppose such relief.

9. Unless otherwise ordered by the Court or agreed to in writing by each of the Creditors' Committees, the Debtors' use of the DIP Facility shall be limited to the issuance of Letters of Credit (a) for the benefit of any third party to whom the Debtors have posted cash for the purposes of supporting any of the Debtors' obligations to such third party, in exchange for the repayment by such third party to the Debtors, of cash held in support of such obligations, provided that at no time shall the aggregate principal amount of all Letters of Credit Obligations in respect of Letters of Credit issued for the foregoing purpose exceed $150,000,000; provided further, that the Debtors shall not request the issuance of Letters of Credit to replace letters of credit issued under prepetition credit facilities, directly or indirectly (including without limitation, exchanging a Letter of Credit for cash collateral that constitute the proceeds of a prepetition letter of credit, except to the extent that the Debtors determine in their reasonable business judgment that a counterparty holding the cash proceeds of a prepetition letter of credit poses an unacceptable credit risk to the Debtors, provided that in each such case, the Debtor receiving such cash shall be the Debtor that issues such Letter of Credit); and (b) in respect of Trading Activities, provided that at no time shall the aggregate principal amount of all Letter of Credit Obligations in respect of letters of credit issued for Trading Activities exceed $50,000,000; provided, further however, that notwithstanding anything to the contrary, upon the earliest to occur of (i) entry of the Risk Management Order, (ii) written agreement of each of the Creditors' Committees and Equity Committee, or (iii) entry of an order of the Court, following

notice and a hearing, authorizing an increase in the amount of the Initial Borrowing Sublimit, the Debtors may utilize any available amounts under the DIP Facility for any purposes otherwise permitted under the DIP Facility Credit Agreement, subject to the provisions of paragraph 8 and any restrictions that may be imposed by the Risk Management Order.

10. Unless otherwise ordered by the Court, following notice and a hearing, at no time shall the aggregate principal amount of the Revolving Loans incurred by or on behalf of the Mirant Sub-Group and MAEM (each as defined below) collectively, exceed $200,000,000. The issuance of a Letter of Credit shall be deemed incurred by the Debtor that such Letter of Credit is issued on behalf of.

11. The DIP Facility Obligations shall be due and payable, without notice or demand, on the Commitment Termination Date.

12. Other than the Carve-Out, Filing Date Liens, and Permitted Liens, or as otherwise specifically permitted by the DIP Facility Credit Agreement, no claim having a priority superior or pari passu with those granted by this Order to the DIP Facility Agent and the DIP Facility Lenders shall be granted or permitted by any order of the Court heretofore or hereafter entered in the Cases, while any portion of the DIP Facility Obligations (unless, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, collateralized in accordance with the provisions of the DIP Facility Credit Agreement) or the Commitment remains outstanding.

13. The DIP Facility Agent and DIP Facility Lenders shall not be required to file financing statements, mortgages, deeds of trust, notices of lien or similar instruments in any jurisdiction or effect any other action to attach or perfect the security interests and liens granted under the DIP Facility Documents and this Order (including, without limitation, the execution of

any control, lock-box, deposit account, or similar documents or agreements). Notwithstanding the foregoing, the DIP Facility Agent and DIP Facility Lenders may, in their sole discretion, file such financing statements, mortgages, deeds of trust, notices of lien or similar instruments or otherwise confirm perfection of such liens, security interests and mortgages (including, without limitation, by entering into any control, lock-box, deposit account, or similar documents or agreements) with respect to this Order or the DIP Facility Documents without seeking modification of the automatic stay under section 362 of the Bankruptcy Code, and all such documents shall be deemed to have been filed or recorded nunc pro tunc to the date hereof; provided, however, that no charges to the Debtors' or their estates may be made under the DIP Facility Documents for any transfer, mortgage deed, stamp, document or similar tax imposed by applicable state or local law in respect of real property in Florida, Maryland, New York or Virginia until the Debtors have given notice to the DIP Facility Agent and the DIP Facility Lenders of the proposed entry of an order dismissing the Cases as provided in paragraph 21 of this Order or, in the absence of such notice, upon the Court having publicly announced that it will enter an order dismissing any of the Cases or upon entry of any such order.

14. Subject only to Section 8.2 of the DIP Facility Credit Agreement, the automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary so as to permit the DIP Facility Agent and DIP Facility Lenders to exercise, upon the occurrence and during the continuance of any Event of Default and except as provided in paragraph 16 hereof, after the giving of the five (5) Business Days' written notice provided for in the DIP Facility Credit Agreement to the Borrowers, the Committee and the United States Trustee, all rights and remedies provided for in the DIP Facility Documents (including, without limitation, the right to set off any monies of the Debtors in accounts maintained by the Debtors

with any financial institutions). Notwithstanding the occurrence of an Event of Default or the Commitment Termination Date or anything herein, all of the rights, remedies, benefits and protections provided to the DIP Facility Agent and the DIP Facility Lenders under the DIP Facility Documents and this Order shall survive until the Termination Date. Any notice period given pursuant to this paragraph 14 shall run concurrently with any notice given pursuant to paragraph 15 hereof.

15. If it becomes necessary for the DIP Facility Agent or the DIP Facility Lenders, at any time, to exercise any of their rights and remedies hereunder or under applicable law to effect repayment of the DIP Facility Obligations or to receive any amounts or remittances due in connection therewith, including, without limitation, foreclosing upon and selling all or any portion of the Collateral, the DIP Facility Agent and DIP Facility Lenders may without further order of, application to or action by this Court, exercise such rights and remedies as to all or any part of such Collateral as the DIP Facility Agent and DIP Facility Lenders may elect in their sole discretion, subject to the DIP Facility Agent having given five (5) Business Days' notice as provided for in the DIP Facility Credit Agreement to Borrowers, and to the Committees and the United States Trustee, except as provided in paragraph 16 hereof.

16. The Debtors shall, except to the extent as may be waived by the DIP Facility Agent, establish and maintain the cash management systems described in the DIP Facility Credit Agreement and such cash management systems are hereby approved. Notwithstanding anything contained in this Order to the contrary, upon the occurrence of a Cash Dominion Event, the DIP Facility Agent may institute the cash sweep and the repayment of the DIP Facility Obligations (including the cash collateralization of the outstanding Letters of Credit), in each case, pursuant to the terms of the DIP Facility Credit Agreement, without further

order of the Court and the DIP Facility Agent shall have immediate relief from the automatic stay of section 362(a) of the Bankruptcy Code to do so. The DIP Facility Agent shall provide notice of the occurrence of a Cash Dominion Event to the Borrowers, the Committee and the United States Trustee. Any financial institution in which the Debtors maintain deposits is directed to remit such funds to the DIP Facility Agent upon certification by the DIP Facility Agent as to compliance with this paragraph without further notice or further order of, application to or action by the Court.

17. The DIP Facility Agent and DIP Facility Lenders shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any Collateral.

18. The provisions of this Order shall be binding upon and inure to the benefit of the DIP Facility Agent, the DIP Facility Lenders, the Debtors, and their respective successors and assigns. To the extent permitted by applicable law, this Order shall bind any trustee hereafter appointed for the Debtors' estates, whether in these Cases or in the event of the conversion of these Cases to a liquidation under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Order.

19. By entering into the DIP Facility Documents and performing thereunder, neither the DIP Facility Agent nor the DIP Facility Lenders shall be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute).

20. The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order (a) confirming any plan of reorganization in these Cases (and, to the extent not indefeasibly paid in full (or, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, collateralized in accordance with the provisions of the DIP Facility Credit Agreement), the DIP Facility Obligations shall not be discharged by the entry of any such order and pursuant to section 1141(d)(4) of the Bankruptcy Code, each Debtor having hereby waived such discharge), (b) converting these Cases to chapter 7 cases, or (c) dismissing these Cases, and the terms and provisions of this Order as well as the DIP Facility Superpriority Claims and the DIP Facility Liens granted pursuant to this Order and the DIP Facility Documents shall continue in full force and effect notwithstanding the entry of any such order, and such Superpriority Claims and DIP Facility Liens shall maintain their priority as provided by this Order, and the DIP Facility Documents and to the maximum extent permitted by law until all of the DIP Facility Obligations are indefeasibly paid in full (or, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, collateralized in accordance with the provisions of the DIP Facility Credit Agreement).

21. Unless all DIP Facility Obligations shall theretofore have been indefeasibly paid in full (or, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, collateralized in accordance with the provisions of the DIP Facility Credit Agreement), the Debtors shall not seek an order dismissing any of the Cases. If an order dismissing any of the Cases under section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that the Superpriority Claim, DIP Facility Liens, security interests

and other protections granted to the DIP Facility Agent and/or the DIP Facility Lenders pursuant to this Order and/or the DIP Facility Documents shall continue in full force and effect and shall maintain their priorities as provided in this Order until all DIP Facility Obligations in respect thereof shall have been indefeasibly paid and satisfied in full (or, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, collateralized in accordance with the provisions of the DIP Facility Credit Agreement) and that such superpriority claims, liens and replacement liens and other protections, shall, notwithstanding such dismissal, remain binding on all parties in interest, and this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing such superpriority claims, liens and replacement liens and other protections; provided, further, that entry of any such order dismissing any of the Cases shall be subject to the Debtors having given ten (10) Business Days' notice to the DIP Facility Agent and the DIP Facility Lenders.

22. Except as expressly permitted by the DIP Facility Credit Agreement, unless all DIP Facility Obligations shall theretofore have been indefeasibly paid in full (or, with respect to outstanding undrawn Letters of Credit issued pursuant to the DIP Facility Credit Agreement, cash collateralized in accordance with the provisions of the DIP Facility Credit Agreement), the Debtors will not grant mortgages, security interests or liens in the Collateral or any portion thereof to any other parties pursuant to section 364(d) of the Bankruptcy Code or otherwise.

23. Except as otherwise provided in this Order, pursuant to section 552(a) of the Bankruptcy Code, all property acquired by the Debtors after the Filing Date, including, without limitation, all Collateral pledged to the DIP Facility Agent, on behalf of itself and the DIP Facility Lenders, pursuant to the DIP Facility Documents and this Order, is not and shall not

be subject to any lien of any Person resulting from any security agreement entered into by the Debtors prior to the Filing Date, except to the extent that such property constitutes proceeds of property of the Debtors that is subject to a valid, enforceable, perfected and unavoidable Filing Date Lien.

24. The DIP Facility Obligations shall be joint and several among the Borrowers.

25. Each of the Debtors is authorized and directed to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution of security agreements, mortgages and financing statements), and to pay fees, which may be reasonably required or necessary for the Debtors' performance under the DIP Facility Documents and this Order, including, without limitation:

(a) the execution of the DIP Facility Documents;

(b) the modification or amendment of the DIP Facility Credit Agreement or any other DIP Facility Documents without further order of this Court, in each case, in such form as the Debtors, the DIP Facility Agent and the DIP Facility Lenders may agree (except for any modification or amendment to shorten the maturity of the extensions of credit thereunder, or increase the rate of interest or the letter of credit fees payable thereunder); and

(c) the non-refundable payment to the DIP Facility Agent or the DIP Facility Lenders, as the case may be, of the Fees referred to (and defined) in the DIP Facility Credit Agreement and the GE Capital Commitment Letter, and reasonable costs and expenses as may be due from time to time, including, without limitation, reasonable

attorneys' and other professional fees and disbursements as provided in the DIP Facility Documents.

26. Upon entry of this Order, the DIP Facility Agent and DIP Facility Lenders shall be, and shall be deemed to be, without any further action or notice, named as additional insureds and loss payees on each insurance policy maintained by the Debtors which in any way relates to the Collateral and the DIP Facility Liens shall attach to the proceeds of any such insurance policy.

27. All amounts applied to the payment of the DIP Facility Obligations shall be applied in the manner set forth in the DIP Facility Documents.

28. If any or all of the provisions of this Order or the DIP Facility Documents are hereafter modified, vacated, amended or stayed by subsequent order of this Court or any other court without the consent of the DIP Facility Agent: (i) such modification, vacatur, amendment or stay shall not affect the validity of any obligation to the DIP Facility Agent or the DIP Facility Lenders that is or was incurred prior to the effective date of such modification, vacatur, amendment or stay (the "Effective Date"), or the validity and enforceability of any security interest, lien or priority authorized or created by this Order and the DIP Facility Documents; and (ii) the DIP Facility Obligations pursuant to this Order and the DIP Facility Documents arising prior to the Effective Date shall be governed in all respects by the original provisions of this Order and the DIP Facility Documents, and the validity of any such credit extended or security interest granted pursuant to this Order and the DIP Facility Documents is protected by section 364(e) of the Bankruptcy Code.

29. Except to the extent of the Carve-Out, no expenses of administration of the Cases or any future proceeding or case which may result therefrom, including liquidation in

bankruptcy or any other proceedings under the Bankruptcy Code, shall be charged pursuant to section 506(c) of the Bankruptcy Code or otherwise against the Collateral without the prior written consent of the DIP Facility Agent.

Intercompany Transfers

30. The following paragraph of this Order shall amend and supplement, to the extent applicable, the Order (I) Authorizing Continued Use of (A) Existing Cash Management System, (B) Bank Accounts, and (C) Business Forms; (II) Granting Interim Waiver of Investment and Deposit Requirements; And (III) Granting Related Relief, dated July 16, 2003:

(a) Each of the following groups of Debtors shall, for the purposes of this Order, constitute a separate sub-group (each a "Sub-Group"): (i) Mirant Mid-Atlantic LLC ("MIRMA") and any of its subsidiaries (collectively, the "MIRMA Sub-Group"); (ii) Mirant Americas Generation LLC ("MAG") and any of its subsidiaries, other than the MIRMA Sub-Group (collectively the "MAG Sub-Group"), (iii) Mirant Americas Energy Marketing, L.P. ("MAEM"), or (iv) Mirant Corporation ("Mirant") and any of its subsidiaries, other than the MIRMA Sub-Group, the MAG Sub-Group and MAEM (collectively, the "Mirant Sub-Group"). Each of MIRMA, MAG, MAEM and Mirant shall be referred to as a "Principal" in respect of the relevant Sub-Group to which it is a member.

(b) Any intercompany transfer made between the Debtors or by one Debtor on behalf of another on or after the Petition Date, including without limitation, any payment (including repayment of DIP Obligations, whether voluntary or involuntary, in cash, collateral or otherwise) made by one or more Debtors in a Sub-Group for the benefit of, or for and on behalf of, one or more Debtors in another Sub-Group, shall take effect as an intercompany loan (each, an "Intercompany Loan"). All Intercompany Loans shall be made, or shall be deemed to have

been made, by one Principal, as lender, to another Principal, as borrower, in each case, for the benefit of itself and each of the Debtors within each such Principal's Sub-Group. Each Debtor within a Sub-Group shall be jointly and severally liable for the full amount of principal, interest and other fees, charges and expenses in connection with each Intercompany Loan in respect of which any Debtor within such Sub-Group is the borrower.

(c) All obligations, liabilities and indebtedness arising under any Intercompany Loan shall have the status of a superpriority administrative expense claim in accordance with the provisions of Section 364(c)(1) of the Bankruptcy Code, subject only to (A) the superpriority administrative expense claims of the DIP Facility Lenders under the DIP Facility Credit Agreement, (B) the Carve-Out, and (C) in accordance with the Final Order of the Bankruptcy Court Authorizing the Debtors to (i) Comply with Terms of Pre-Petition Trading Contracts, (ii) Enter into Post-Petition Trading Contracts in the Ordinary Course of Business, (iii) Provide Credit Support Relating to Both Pre-Petition and Post-Petition Trading Contracts, and (iv) Authorizing Assumption of Pre-Petition Trading Contracts, dated August 27, 2003 (the "Final Trading Order"), the superpriority administrative claims of Counterparties arising under any Prepetition Trading Contracts and Postpetition Trading Contracts (as each such term is defined in the Final Trading Order); provided, however, that nothing contained herein shall be deemed to prejudice or impair in any way whatsoever any subrogation or contribution rights that one Debtor may be entitled to against another Debtor, at common law or otherwise.

(d) To secure the prompt and complete payment, performance and observance of all of its obligations, liabilities and indebtedness arising under and in connection with any Intercompany Loan, pursuant to sections 364(c)(2) & (3) of the Bankruptcy Code, each Debtor within a Sub-Group hereby grants, assigns, conveys, mortgages, pledges, hypothecates and

transfers to the Principal of each other Sub-Group for the benefit of such Principal and each member of its Sub-Group, a continuing Lien and security interest upon all of its rights, title and interest in, to and under the Collateral, including without limitation the Intercompany Loans and the MAEM/Mirant Intercompany Loan (as defined below), subject to the provisions of sub-paragraph (e) below, having the priority junior in all respects to (i) the Carve-Out, (ii) the security interests of the DIP Facility Agent and the DIP Facility Lenders, and (iii) liens existing on the date hereof, without the necessity of the execution by any Debtor or the filing or recordation of financing statements, mortgages, deeds of trust, notices of lien or similar instruments in any jurisdiction or the performance of any other action to attach or perfect the security interests and liens granted under this sub-paragraph (d) (including, without limitation, the execution of any control, lock-box, deposit account, or similar documents or agreements).

(e) No Debtor shall be permitted to exercise any rights or remedies under or in connection with any Lien granted pursuant to sub-paragraph (d) above, including without limitation, any rights of enforcement of any such Liens, until the Termination Date shall have occurred and, following notice and hearing, this Court shall have entered an order approving such action; provided that the foregoing shall not prohibit or restrict the DIP Facility Agent's and the DIP Facility Lenders' rights to exercise the rights and remedies of any Debtor in respect of any Intercompany Loan or to otherwise enforce any such Liens in connection with the exercise of the DIP Facility Agent's and the DIP Facility Lenders' rights and remedies under the DIP Facility Loan Documents.

(f) Notwithstanding any other provision to the contrary, all Intercompany Loans may be repaid in the ordinary course of business of the Debtors, provided that at any time after the date on which the New DIP Facility Documents (as defined below) become effective,

upon the occurrence of an Event of Default which is continuing, no member of the Mirant Sub-Group or MAEM shall be permitted to repay any Intercompany Loan in respect of which any member of the MAG Sub-Group or MIRMA Sub-Group is the lender, without the prior written consent of the DIP Facility Agent and the DIP Facility Lenders.

(g) The aggregate principal amount of borrowings in respect of any Intercompany Loans, exclusive of any intercompany transfer of goods and/or services for value incurred in the ordinary course of business and consistent with prior practice (which shall be settled in a manner consistent with past practice), incurred by each Sub-Group may not exceed the amount set forth against the name of such Sub-Group in the table below:

Sub-Group	**Amount**
MIRMA Sub-Group	$200 million
MAG Sub-Group	$150 million
MAEM	$100 million
Mirant Sub-Group	$100 million; provided that, that certain Intercompany Loan existing as of the date of this Order between Mirant, as borrower, and MAEM, as lender (the MAEM/Mirant Intercompany Loan"), shall not be included for the purposes of calculating the Mirant Sub-Group's borrowings in respect of Intercompany Loans.

; provided that the Debtors' failure to comply with the foregoing restrictions shall not limit the amount or priority of (i) any 365(c)(1) superpriority administrative expense claims granted pursuant to paragraph (c) herein, or (ii) any Lien or security interest granted pursuant to paragraph (d) herein. Notwithstanding the foregoing, the principal amount of borrowings by

MAEM from the MIRMA Sub-Group and the MAG Sub-Group in the aggregate shall not exceed at any time the outstanding balance in respect of the MAEM/Mirant Intercompany Loan.

(h) Each Principal shall maintain adequate books and records with respect to all Intercompany Loans made to or incurred by it on behalf of itself and each member within its Sub-Group; provided that such records shall constitute prima facie evidence of such Intercompany Loans, and nothing in this Order shall prejudice the rights of the Committees or the MIRMA Lease Indenture Trustees and/or Pass Through Trustees, or the MIRMA Owner Lessors (in respect of matters that affect MIRMA or the MIRMA lease transactions only), or any one of them, to review such books and accounts upon prior reasonable notice to the Debtors, to challenge any one or more entries relating to an Intercompany Loan, or to make an application to this Court for appropriate relief to adjust any one or more such entries.

Conditions to the Approval of the DIP Facility

31. The approval of the DIP Facility Credit Agreement, the DIP Facility Documents and the transactions contemplated thereby, pursuant to the terms of this Order, shall be subject to the completion of satisfactory final form documentation (the "Amended DIP Facility Documents") reflecting the amendments set forth in the term sheet attached hereto as Exhibit A, modifying the terms of the DIP Facility Credit Agreement (the "DIP Modifications"), including documentation of the DIP Facility as it relates to the Debtors other than the MIRMA Sub-Group and MAG Sub-Group upon the effectiveness of the Option set forth in the DIP Modifications (the "New DIP Facility Documents"). Furthermore, the closing of the DIP Facility Credit Agreement, the DIP Facility Documents and the transactions contemplated thereby shall not occur until the earlier to occur of, either (a) each of the Committees having delivered written approval to the Debtors of the terms of the Amended DIP Facility Documents

as having properly implemented the terms of the DIP Modifications; or (b) this Court having entered an order determining that the Amended DIP Facility Documents properly implement the DIP Modifications.

32. The Option Fees (as defined in the DIP Modifications) shall be allocable in full to the MAG Sub-Group.

33. Upon the effectiveness of the New DIP Facility Documents, all references in this Order to the DIP Facility Credit Agreement and the other DIP Facility Documents shall be deemed to be references to such documents as amended by the DIP Modifications.

Matters relating to the MIRMA Transactions

34. In the event that the Debtors fail to make payments due on December 30, 2003 under the respective Facility Lease Agreements (designated Dickerson L1, L2, L3 and L4, and Morgantown L1, L2, L3, L4, L5, L6 and L7), dated as of December 19, 2000 (collectively, the "Facility Lease Agreements"), or otherwise notify the Lease Indenture Trustee (as defined in the Participation Agreements (designated Dickerson L1, L2, L3 and L4, and Morgantown L1, L2, L3, L4, L5, L6 and L7), dated as of December 18, 2000, (collectively, the "Participation Agreements")) that such payments will not be made, then (a) to the extent applicable, the automatic stay imposed by section 362 of the Bankruptcy Code shall be modified solely to the extent necessary to permit the Lease Indenture Trustee under the respective Participation Agreement to draw upon the Qualifying Credit Support (as defined in the Participation Agreements) and apply such amounts towards the payments due on December 30, 2003 under the respective Facility Lease Agreements; provided that any such payments shall be without prejudice to the rights of any party in interest to seek a determination from this Court as to the appropriate characterization of such payments and the obligations relating thereto, including without limitation whether such payments shall be appropriately characterized as payments of

rent, principal and/or interest, as the case may be, and (b) in the event that the Lease Indenture Trustee draws the Qualifying Credit Support as provided in sub clause (a) hereof, MIRMA will deliver additional Qualifying Credit Support (or cash collateral in lieu of Qualifying Credit Support), as provided under and in accordance with section 5.13 of the Participation Agreements, in an amount equal to the amount of the Qualified Credit Support required to be delivered as of December 31, 2003 under Section 5.13 of the respective Participation Agreements.

No Abrogation of Joint and Several Liability

35. Notwithstanding anything to the contrary in this Order, in no event shall the Debtors' failure to comply with the terms of this Order with respect to the maximum principal amount of Revolving Loans or Intercompany Loans permitted to be outstanding at any given time or any other matter, affect (a) the validity, enforceability or collectibility of Revolving Loans or other extensions of credit made by the DIP Facility Agent or the DIP Facility Lenders pursuant to the DIP Facility Documents, (b) the validity, perfection or priority of, or other rights and remedies of the DIP Facility Agent and/or DIP Facility Lenders in respect of, the security interests, liens and claims granted to the DIP Facility Agent and/or DIP Facility Lenders pursuant to this Order, or (c) the joint and several nature of the Debtors' obligations under the DIP Facility Documents, prior to the effectiveness of the New DIP Facility Documents. Neither the DIP Facility Agent nor the DIP Facility Lenders shall have any obligation, nor shall they be liable to any Person for their failure, to monitor the Debtors' compliance with the terms of this Order pertaining to the maximum principal amount of Revolving Loans or Intercompany Loans permitted to be outstanding at any given time or any other matter.

Reservation of Rights

36. Notwithstanding anything to the contrary set forth herein, in the DIP Facility Credit Agreement or in any of the other DIP Facility Documents, nothing shall in any

way prejudice or be construed as a finding or conclusion concerning (a) any claims, including, without limitation, claims for avoidance, recharacterization or otherwise by Mirant Sub-Group against the MAG Sub-Group (existing either prior or arising after the Petition Date), with all such claims being expressly preserved, or (b) any claims or issues relating to total or partial substantive consolidation or related legal or equitable remedies in respect of one or more of the estates within the Mirant Sub-Group or MAG Sub-Group.

37. Nothing contained herein shall constitute a finding or conclusion as to the proper allocation among any of the jointly administered debtors of the benefits of, and/or obligations under, the DIP Facility Credit Agreement.

38. The MAG Committee reserves all rights and arguments that MAG and each of its subsidiaries are separate entities and shall not be consolidated for any purpose with any other Debtor.

39. Nothing herein shall preclude the Mirant Committee from seeking, upon notice and a hearing, an order under Section 1107 and 1108 of the Bankruptcy Code further limiting the utilization of the DIP Facility by MAEM or by the Mirant Sub-Group (including without limitation, limiting the exercise by Mirant of the Option referred to in the DIP Modifications or the utilization of the DIP Facility after the Amended DIP Facility Documents become effective).

40. Each party reserves all rights and arguments with respect to a plan or plans of reorganization and all other matters related to the Debtors' reorganization.

<u>Reporting</u>

41. Any reports or other information delivered by or on behalf of the Debtors to the DIP Facility Agent and/or the DIP Facility Lenders pursuant to the DIP Facility Credit Agreement shall be delivered concurrently to the financial advisors of the Creditors'

Committees, the Equity Committee and to the MIRMA Lease Indenture Trustees and/or Pass Through Trustees, and the MIRMA Owner Lessors (collectively, the MIRMA Creditors"), subject to the provisions of paragraph 42. In addition to the foregoing, the Debtors shall provide (a) (including to the DIP Facility Agent) a weekly report of (i) all outstanding balances in respect of Intercompany Loans calculated for the purposes of compliance with sub-paragraph (g) of paragraph 30 above, and (ii) Letters of Credit issued by Debtor and Sub-Group; and (b) notification of any changes to the calculation of the Borrowing Base, promptly following receipt of a notice thereof from the DIP Facility Agent.

42. Upon acceptance of any information set forth in paragraph 41 hereof, the MIRMA Creditors shall be deemed to be "Permitted Persons" and such information shall be deemed to be "Subject Material", as such terms are used in the Order of this Court dated August 18, 2003 Approving Specified Information Blocking Procedures and Permitting Trading in the Debtors' Securities, Bank Debt, Purchase or Sale of Trade Debt and Issuing of Analyst Reports Upon Establishment of A Screening Wall Effective July 25, 2003.

Findings of Fact and Conclusions of Law

43. Based upon the record presented to the Court, this Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable nunc pro tunc to the Filing Date immediately upon the entry thereof.

Conflict of Terms

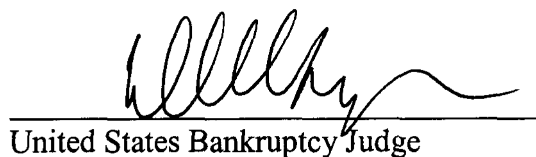
44. In the event of any irreconcilable inconsistency between this Order and any agreement heretofore entered into by or between the Debtors and the DIP Facility Agent or any other order of this Court, the terms of this Order shall govern and control.

Hearing to Consider DIP Modifications

45. A further Hearing shall be held on Wednesday October 29, 2003 at 10:30 a.m. to consider any disputes arising as a result of the implementation of the DIP Modifications pursuant to the Amended DIP Facility Documents.

46. Notwithstanding anything to the contrary contained in this Order, the Court reserves all power to authorize the use of cash collateral upon appropriate showing.

Dated: Fort Worth, Texas
October 20, 2003



United States Bankruptcy Judge

WITHIN TWO (2) WEEKS FOLLOWING THE ENTRY OF AN ORDER OF THE BANKRUPTCY COURT (AS DEFINED BELOW) APPROVING THIS TERM SHEET (WHICH ORDER SHALL BE IN FORM AND SUBSTANCE ACCEPTABLE TO GE CAPITAL), THE TERMS OF THE DEBTOR IN POSSESSION CREDIT FACILITY (THE "EXISTING DIP FACILITY") CURRENTLY PENDING APPROVAL BY THE BANKRUPTCY COURT BEFORE WHICH MIRANT CORPORATION'S CHAPTER 11 CASE IS PENDING (THE "BANKRUPTCY COURT") WILL BE MODIFIED TO REFLECT THE TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET. UPON THE FINALIZATION OF DEFINITIVE DOCUMENTS WHICH IS SATISFACTORY TO EACH OF GE CAPITAL AND MIRANT (AS EACH SUCH TERM IS DEFINED BELOW), EACH OF GE CAPITAL AND MIRANT ARE READY, WILLING AND ABLE TO PERFORM THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, TAKING ALL ACTIONS REASONABLY NECESSARY AND APPROPRIATE TO AMEND, MODIFY OR SUPPLEMENT THE AGREEMENTS, DOCUMENTS AND INSTRUMENTS EVIDENCING THE EXISTING DIP FACILITY TO GIVE EFFECT TO THE TERMS HEREOF.

EXCEPT AS REQUIRED BY LAW, NEITHER THIS TERM SHEET NOR ITS CONTENTS MAY BE DISCLOSED PUBLICLY OR PRIVATELY EXCEPT TO THOSE INDIVIDUALS WHO ARE OFFICERS, EMPLOYEES, MEMBERS, OR ADVISORS OF OR TO MIRANT CORPORATION, THE OFFICIAL CREDITORS' COMMITTEE OF MIRANT CORPORATION, THE OFFICIAL CREDITORS' COMMITTEE OF MIRANT AMERICAS GENERATION, LLC ("MAG") AND THE OFFICIAL EQUITY COMMITTEE OF MIRANT CORPORATION WHO HAVE A NEED TO KNOW AS A RESULT OF BEING INVOLVED IN THE TRANSACTION AND THEN ONLY ON THE CONDITION THAT SUCH MATTERS MAY NOT BE FURTHER DISCLOSED. NO ONE SHALL, EXCEPT AS REQUIRED BY LAW, USE THE NAME OF, OR REFER TO, GE CAPITAL, OR ANY OF ITS AFFILIATES INCLUDING GECC CAPITAL MARKETS GROUP, INC., IN ANY CORRESPONDENCE, DISCUSSIONS, ADVERTISEMENT OR DISCLOSURE MADE IN CONNECTION WITH THE TRANSACTION WITHOUT THE PRIOR CONSENT OF GE CAPITAL. ACCEPTANCE OF DELIVERY OF THIS TERM SHEET IS AGREEMENT TO THE TERMS OF THIS PARAGRAPH.

Mirant Corporation
Debtor and Debtor in Possession Financing

Upon exercise of the Option (as defined below), the terms reflected below would replace the corresponding terms of the Existing DIP Facility. "Option" shall mean the election by Mirant Corporation ("Mirant") or MAG, in each case, as may be ordered by the Bankruptcy Court, to release the MAG Entities (as defined below) from the liens securing and the claims for extensions of credit under the Existing DIP Facility.

BORROWERS: Mirant and all domestic subsidiaries of Mirant (other than MAG and its domestic subsidiaries (collectively, the "MAG Entities")).

DIP FACILITY: Up to $200 million Senior Secured Revolving Credit Facility with a Letter of Credit Sub-facility up to $200 million.

TERM: The expiration date of the Existing DIP Facility.

INTEREST RATES: L + 3.50%
L/C Fee: 3.50%

FEES:

$1,000,000 payable on the closing date of the Existing DIP Facility and $2,000,000 payable on the date that the amended credit facility contemplated hereby becomes effective (collectively, the "Option Fees"). The Option Fees shall be earned when due and once paid shall be non-refundable.

Unused Fee: 0.75% per annum

Administrative Fee: $250,000 per annum

AVAILABILITY: The lesser of (i) $200 million or (ii) 100% of the borrowing base values, less reserves. Borrowing base values to include eligible mortgaged properties of the Borrowers but would exclude pledged equity properties.

SECURITY: First lien on all assets of the Borrowers including 65% stock pledge for foreign subsidiaries.

FINANCIAL COVENANTS: Maximum Capital Expenditures, Minimum Fixed Charge Coverage, Minimum Cash on Hand with covenant levels to be determined and Minimum Liquidity of $50 million at all times.

CONDITIONS: Agent shall have received 30 days prior written notice from Mirant or MAG, in each case, as may be ordered by the Bankruptcy Court, of the intent to exercise the Option (the "Notice").

Upon receipt of the Notice, Agent will notify Mirant within five (5) business days whether it will elect to reappraise the assets which will remain in the borrowing base after giving effect to the exercise of the Option. Agent will also have the right to review reserves based on the circumstances then existing and which will exist after giving effect to the exercise of the Option.

Agent shall complete, within forty-five (45) days following its receipt of the Notice, any reappraisal of the assets which will remain in the borrowing base after giving effect to the exercise of the Option. Upon completion of any reappraisal and/or adjustment of reserves with respect to the borrowing base, Agent shall provide Mirant and MAG with a notice (the "Repayment Notice") describing the amount required to be repaid (or amount of cash collateralization in respect of letters of credit) in connection with the exercise of the Option, which amount shall be equal to the difference between the then outstanding amount (including undrawn letters of credit) under the Existing DIP Facility and such revised borrowing base (the "Repayment Amount"). Agent shall have received the Repayment Amount no later than fifteen (15) days following its delivery of the Repayment Notice (which date shall be simultaneous with the Effective Date).

No Default or Event of Default shall have occurred and be continuing (both before and after giving effect to the exercise of the Option) under any of the following sections of the Existing DIP Facility:

- Section 8.1(a); provided that if Agent has accelerated the obligations under the Existing DIP Facility, Agent will rescind such acceleration upon its receipt of an agreement from the MAG Entities to cure any payment defaults then existing (without giving effect to such acceleration) (and the MAG Entities in fact do cure such payment defaults), it being understood that any amounts owing by the remaining Borrowers to the MAG Entities as a result of such cure payments shall be subordinated to the repayment in full of the obligations of the remaining Borrowers under the loan documents until the Termination Date;

- Section 8.1(g), it being understood that no Event of Default will be deemed to have occurred under Section 8.1(g) for the purposes of the transactions contemplated by this term sheet if (1) a responsible officer or an examiner with enlarged powers relating to the operation of the MAG Entities' business shall be appointed (upon the motion of the MAG creditors' committee or by any other person with the stated purpose of seeking exercise of the Option and an order by the Bankruptcy Court appointing such responsible officer or an examiner for such purpose) with respect to any of the MAG Entities and (2) such responsible officer or examiner delivers the Notice within thirty (30) days following his or her appointment;

- Section 8.1(i), it being understood that no Event of Default will be deemed to have occurred for the purposes of the transactions contemplated by this term sheet unless (1) with respect to clause (ii) thereof, such default could or does result in the invalidity or unenforceability of the obligations of the Borrowers after giving effect to the exercise of the Option or the invalidity, unenforceability or loss of priority of the liens and claims granted pursuant to the order with respect to the assets of the Borrowers after giving effect to the exercise of the Option or (2) with respect to clause (iii) thereof, such action could or does result in the invalidity or unenforceability of the obligations of the Borrowers after giving effect to the exercise of the Option or the invalidity, unenforceability or loss of priority of the liens and claims granted pursuant to the order with respect to the assets of the Borrowers after giving effect to the exercise of the Option; and

- 8.1(m), it being understood that no Event of Default will be deemed to have occurred for the purposes of the transactions contemplated by this term sheet unless such invalidity, challenge, assertion or action or inaction could or does result in the invalidity or unenforceability of the obligations of the Borrowers after giving effect to the exercise of the Option or the invalidity, unenforceability or loss of priority of the liens and claims granted pursuant to the order with respect to the assets of the Borrowers after giving effect to the exercise of the Option.

At the time the Notice is delivered to Agent and immediately prior to giving effect to the exercise of the Option, none of the MAG Entities (either directly or through their creditors' committee or any responsible officer or examiner appointed by the Bankruptcy Court) are then contesting the validity or enforceability of their obligations (or the obligations of any other borrower) under the Existing DIP Facility or the validity, enforceability or priority of the liens and claims granted to

Agent and the lenders under the Existing DIP Facility and the order in respect thereof.

GE Capital shall have received an agreement (in form and substance reasonably satisfactory to it) signed by the MAG Entities granting GE Capital a right of first offer with respect to any debtor-in-possession financing and financing in connection with the confirmation of a plan of reorganization of the MAG Entities having an exclusivity period of not less than 45 days.

Agent shall have received an order which has become a final order of the Bankruptcy Court (in form and substance satisfactory to Agent) approving the exercise of the Option.

OTHER ITEMS:

Agent would have the right to reappraise the borrowing base assets on a regular basis.

Agent would have the right, using reasonable credit judgment, to implement reserves in the borrowing base.

Asset sales only with the prior written consent of Agent.

Revision of covenants, including without limitation, affiliate transactions, investments, debt, liens and others as appropriate.

After the effectiveness of the amendments to the Existing DIP Facility contemplated hereby, any transactions between the Borrowers and the MAG Entities shall be conducted on an arm's-length basis, including, but not limited to, the provision of adequate credit support if credit support is determined by Agent (in its reasonable credit judgment) or Mirant to be appropriate or otherwise required by order of the Bankruptcy Court. Any amounts owed by the MAG Entities to the Borrowers shall be accorded the treatment set forth in paragraph 30 of the order approving the Existing DIP Facility, subject to the liens and claims of any replacement lender for the MAG Entities (it being understood that should the MAG Entities obtain debtor-in-possession financing following the exercise of the Option, the dollar amount of any claims owed by the MAG Entities to the Borrowers shall not exceed an amount to be agreed between Agent and Mirant).

The provisions contained in the third paragraph of the section entitled "Fees" of the Commitment Letter dated July 14, 2003 made between Mirant and GE Capital (as amended from time to time), relating to the credit for the DIP Closing Fees to be applied against fees payable for exit financing shall be deemed to apply only to exit financing provided to those Borrowers which remain borrowers under the DIP Facility after the Effective Date.

The transactions contemplated by this term sheet will only be available upon the Bankruptcy Court's final approval and the closing of the Existing DIP Facility.