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

ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

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

_____	)	
In re	)	Chapter 11 Case
	)	
MIRANT CORPORATION, <u>et al.</u> ,	)	Case No. 03-46590 (DML)
	)	Jointly Administered
Debtors.	)	
	)	Date and Time: January 21, 2003
_____	)	12:00 p.m.

**ORDER GRANTING DEBTORS' MOTION FOR APPROVAL OF (I) SETTLEMENT AGREEMENT WITH PEPCO ENERGY SERVICES, INC. PURSUANT TO RULE 9019 OF THE BANKRUPTCY RULES; AND (II) REJECTION OF THE AMENDED AND RESTATED TRANSACTION CONFIRMATION WITH PEPCO ENERGY SERVICES, INC. PURSUANT TO 11 U.S.C. § 365(a) AND F.R.B.P. 6006 AND 9014**

Upon the motion,<sup>1</sup> dated December 29, 2003 (the "Motion") of Mirant Corporation ("Mirant") and its affiliated debtors, as debtors-in-possession (collectively, the "Debtors"), for approval of: (i) the Agreement and Releases, dated December 24, 2003 (the "Settlement Agreement") with Pepco Energy Services, Inc. ("PES") pursuant to Rule 9019 of the Federal

<sup>1</sup> Unless otherwise defined herein, capitalized terms have the same meaning ascribed to them in the Motion.

Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and (ii) as part of the Settlement Agreement, to reject the Transaction Confirmation, dated March 28, 2003, as amended and restated on May 6, 2003, (the “GSA Confirmation”) between PES and debtor Mirant Americas Energy Marketing, LP (“MAEM”), effective as of the date this order is entered, pursuant to section 365 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the “Bankruptcy Code”) and Rules 6006 and 9014 of the Bankruptcy Rules; and it appearing that the Court has jurisdiction over this matter; and it appearing that due notice of the Motion has been provided, and that no other or further notice need be provided; upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

**ORDERED**, that the Motion is hereby GRANTED; it is further

**ORDERED**, that the Settlement Agreement attached to the Motion is approved and the Debtors are authorized to perform as required thereunder;

**ORDERED**, that the GSA Confirmation is rejected effective as of the date this order is entered; it is further

**ORDERED**, that the Debtors are authorized to provide electric supply for the Customer Accounts at prices provided for in the GSA Confirmation through December 31, 2003 and are further authorized to provide electric supply for the Customer Accounts at the TPA Price during the Transition Period; it is further

**ORDERED**, that PES’s claims will be limited to the following prepetition and rejection damages: (i) the difference between the TPA Price applied during the Transaction Period and the GSA Confirmation price; plus (ii) \$304,821.14 representing prepetition amounts due under the GSA Confirmation; it is further

**ORDERED**, that, in addition to the foregoing amounts, as part of PES's claim, PES will receive a payment of \$1.15 million, representing PES's lost value from the GSA Confirmation and costs that PES will incur as a result of transitioning the Customer Accounts; it is further

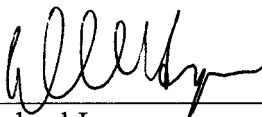
**ORDERED**, that the PES Claim will be satisfied from the Cash Collateral on the Settlement Date as to the \$1.15 million and at the expiration of the Transition Period with respect to the balance to be paid to PES (and subject to certain True-up amounts as provided in the Settlement Agreement) and that PES shall return the remainder of the Cash Collateral to MAEM, the party that posted the Cash Collateral, upon full satisfaction of the PES Claims; it is further

**ORDERED**, that any amounts owing to PES as a result of the Debtors' failure to make any payment to PES related to a True-up or the Debtors' failure to perform any obligation under the GSA Confirmation prior to the date of rejection, or under the Settlement Agreement after the date the Settlement Agreement is approved, will be allowed as an administrative expense claim under Section 503(b) of the Bankruptcy Code; it is further

**ORDERED** that notwithstanding anything to the contrary in this Order or the Settlement Agreement, the Court is not ruling upon any of the following matters: (a) the liability of one Debtor to any other Debtor with respect to intercompany claims arising from or related to the TPA Agreements; and (b) whether multiple Debtors should be substantively consolidated. All parties' positions, arguments, objections, claims, disputes, rights and defenses with respect to the foregoing clauses (a) and (b) are fully and expressly preserved.

**IT IS SO ORDERED.**

Dated: January 21, 2004

  
\_\_\_\_\_  
D. Michael Lynn,  
United States Bankruptcy Judge