

Thomas E Lauria
 State Bar No. 11998025
 Craig H. Averch
 State Bar No. 01451020
 WHITE & CASE LLP
 Wachovia Financial Center
 200 South Biscayne Blvd.
 Miami, FL 33131
 Telephone: (305) 371-2700
 Facsimile: (305) 358-5744

Robin Phelan
 State Bar No. 15903000
 Judith Elkin
 State Bar No. 06522200
 HAYNES AND BOONE, LLP
 901 Main Street
 Suite 3100
 Dallas, TX 75202
 Telephone: (214) 651-5000
 Facsimile: (214) 651-5940

ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

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

U.S. BANKRUPTCY COURT
 NORTHERN DISTRICT OF TEXAS
 FORT WORTH
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 ENTRY IS
 DEBTORS DOCKET

In re

MIRANT CORPORATION, et al.
 Debtors.

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) Chapter 11 Case
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) Case No. 03-46590 (DML)
) Jointly Administered
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**ORDER GRANTING DEBTORS' MOTION FOR APPROVAL OF (I) THE
 "SETTLEMENT AGREEMENT AND RELEASES" WITH TEXAS EASTERN
 TRANSMISSION LP PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF
 BANKRUPTCY PROCEDURE; AND (II) REJECTION OF VARIOUS
 AGREEMENTS WITH TEXAS EASTERN TRANSMISSION LP PURSUANT
 TO 11 U.S.C. § 365(a) AND F.R.B.P. 6006 AND 9014**

Upon the motion,¹ dated February 9, 2004 (the "Motion") of Mirant Corporation ("Mirant") and its affiliated debtors, as debtors-in-possession (collectively, the "Debtors"), for approval of: (i) the "Settlement Agreement and Releases," dated February 4, 2004 (the "Settlement Agreement") among Mirant, Mirant Americas Energy Marketing L.P. ("MAEM")

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

and Texas Eastern Transmission LP (“TETCO”) pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and (ii) as part of the Settlement Agreement, to reject various agreements, between TETCO and MAEM, effective March 31, 2004 (the “Transportation and Storage Agreements”), 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 is approved and the Debtors are authorized to perform as required thereunder;

ORDERED, that the Transportation and Storage Agreements are rejected effective as of March 31, 2004; it is further

ORDERED, that MAEM will pay TETCO all amounts due and owing for services provided under the Transportation and Service Agreements, through March 31, 2004 (the “Transportation and Service Agreements Payment”); it is further

ORDERED, that TETCO shall have an allowed, prepetition claim against MAEM (or Mirant) as a result of the rejection of the Transportation and Service Agreements in the amount of \$20,000,000.00 (the “Allowed Claim”); it is further

ORDERED, that, in addition to the foregoing amounts, as part of TETCO’s claim, MAEM will pay TETCO the amount of \$4,720,136.00 (the “Settlement Payment”), which will

be satisfied from the LC on the Settlement Date; it is further

ORDERED, that the Releases shall remain in effect and all parties shall continue to perform as required thereunder until their respective expiration dates; it is further

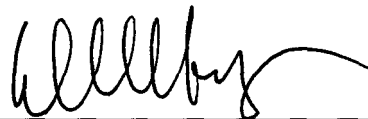
ORDERED, that with respect to the allocation of the Allowed Claim, Settlement Payment and Transportation and Service Agreements Payment between and/or among the Debtor estates, such allocation shall be based on the net present value of each estate's share of the negative cash flow of the Transportation and Storage Agreements, based on a reasonable discount rate to be agreed to by each estate or determined by the Court, and shall otherwise be fair and equitable to each estate; it is further

ORDERED, that any party in interest reserves its right to contest any allocation of the Allowed Claim, Settlement Payment and Transportation and Service Agreements Payment to any of the Debtor estates; 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 Transportation and Storage 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: March 3, 2004



D. Michael Lynn,
United States Bankruptcy Judge