

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

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FILED
AWANA MARSHALL CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

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

**ORDER GRANTING DEBTORS' MOTION REQUESTING AUTHORITY TO:
(i) ENTER INTO CERTAIN SLEEVING TRANSACTIONS WITH THE CONDUIT
COUNTERPARTIES IN THE MARYLAND MARKET PURSUANT TO SECTION 363
OF THE BANKRUPTCY CODE; AND (ii) GRANT TO SUCH CONDUIT
COUNTERPARTIES: (a) COLLATERAL PROTECTIONS; AND (b) CERTAIN
REMEDIES AND ENFORCEMENT RIGHTS**

Upon the “Debtors’ Motion Requesting Authority to: (i) Enter Into Certain Sleeving Transactions With the Conduit Counterparties in the Maryland Market Pursuant to Section 363 of the Bankruptcy Code; and (ii) Grant to Such Conduit Counterparties: (a) Collateral Protections; and (b) Certain Remedies and Enforcement Rights,” dated January 23, 2004,¹ and the supplement to this motion, dated February 2, 2004 (collectively, the “Motion”), filed by Mirant Corporation and its affiliated debtors (collectively, the “Debtors”) for the entry of an order for authorization to: (i) enter into one or more “sleeving transactions” for the sale of energy (the “Sleeving Transactions”) with the Conduit Counterparties in the Maryland market, pursuant to section 363 of the Bankruptcy Code; and (ii) grant to such Conduit Counterparties: (a) collateral protections; and (b) certain remedies and enforcement rights; and upon the Response to the Motion filed by the Official Committee of Unsecured Creditors of Mirant Corporation, *et al.* (the “Committee”), and it appearing that the Court has jurisdiction over this

¹ Any capitalized term not otherwise defined in this order will have the meaning ascribed to such term in the Motion.

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 that the Motion is hereby GRANTED as set forth herein; it is further

ORDERED that the Debtors are authorized to enter into the Sleeving Transactions for the sale of energy to the Maryland utilities with the Conduit Counterparties without a limitation on the daily aggregate notional value; it is further

ORDERED that the Debtors are authorized to pay the associated Sleeving Fees to the Conduit Counterparties; it is further

ORDERED that, as security and assurance of the Debtors' obligations arising under the Sleeving Transactions, the Debtors are authorized to grant to the Conduit Counterparties the following collateral protections and rights:

- for the benefit of the Conduit Counterparties, effective without the necessity of the execution by the Debtors, or filing, of security agreements, pledge agreements, mortgages, financing statements or otherwise enforceable first-priority liens and security interests on any collateral, including, without limitation, initial, maintenance or variation margin or payments in advance and whether in the form of cash or letters of credit under the existing debtor-in-possession facility provided to such Conduit Counterparty whether prior to, on, or after the date of this order.
- the automatic stay provisions of section 362 of the Bankruptcy Code will be vacated and modified to the extent necessary to allow immediate and unconditional enforcement of remedies by any Conduit Counterparty upon the occurrence of any default under the Sleeving Transactions by the Debtors and the Conduit Counterparties rights thereunder will not be modified, stayed, avoided or otherwise limited by order of the Bankruptcy Court or any court proceeding under title 11 of the United States Code. The Debtors will waive the right and will not seek relief, including without limitation under section 105(a) of the Bankruptcy Code, to the extent that any such relief would in any way restrict or impair the rights of any Conduit Counterparties under the Sleeving Transactions or this

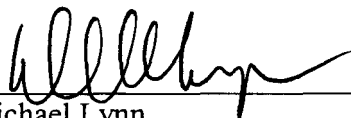
order; provided that such waiver will not preclude the Debtors from contesting whether a default has occurred under any Sleeving Transaction; and it is further

ORDERED that nothing herein will relieve the Debtors of their obligations to comply with the Mirant Global Risk Management Policy; and it is further all of the statutory committees

ORDERED that the Debtors shall consult with ~~the Committee~~ regarding the business terms of (i) Sleeving Transactions and (ii) agreements with Conduit Counterparties related thereto; and it is further

ORDERED that all realized gains and losses under a Sleeving Transaction or a Conduit Counterparty transaction, and all liabilities incurred in connection therewith, including liabilities or claims arising from a Conduit Counterparty default, shall be allocated to the Debtor whose benefit such transaction was entered into (*i.e.*, MIRMA), rather than the actual Debtor-counterparty to the Sleeving Transaction or Conduit Counterpart transaction (*i.e.*, MAEM), and accounted for in accordance with the Cash Management Order previously approved by the Court, as modified by the Court's Amended 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, dated October 30, 2003.

Dated: February 4, 2004



D. Michael Lynn,
United States Bankruptcy Judge