

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT dated as of October 25, 2005 (this “Agreement”), among West Georgia Generating Company, L.L.C., a Delaware limited liability company (“West Georgia”), each of the financial institutions party to the Credit Agreement referred to below (the “Banks”), and Deutsche Bank AG, New York Branch, as agent for the Banks (in such capacity, the “Agent”).

RECITALS

A. WHEREAS, West Georgia, as borrower, the Agent and the Banks, are parties to that certain Credit Agreement dated as of December 12, 2000 (as amended, supplemented or otherwise modified through the date hereof, the “Credit Agreement”), pursuant to which the Banks made senior secured loans and other financial accommodations to West Georgia.

B. WHEREAS, West Georgia and certain of its affiliates (collectively, the “Debtors”) are subject to jointly administered Chapter 11 cases (the “Chapter 11 Cases”) currently pending in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”), Case No. 03-46590.

C. WHEREAS, the Banks assert claims against West Georgia under the Credit Agreement and related documents (the “Loan Documents”) in the aggregate principal amount of \$139,500,000, plus interest, fees, costs and expenses, secured by substantially all of West Georgia’s assets and property (the “Bank Claims”).

D. WHEREAS, the Debtors filed in the Chapter 11 Cases a Second Amended Disclosure Statement Relating to the Debtors’ Second Amended Joint Chapter 11 Plan of Reorganization, dated September 22, 2005 (as amended, supplemented or modified from time to

time, the “Disclosure Statement”). The Disclosure Statement was approved by the Bankruptcy Court on September 30, 2005.

E. WHEREAS, the Agent, by its counsel, informally objected to a prior version of the Disclosure Statement, and had indicated its intention to file with the Bankruptcy Court an objection to confirmation of the Debtors’ Chapter 11 plan, as described in the Disclosure Statement, based on, among other things, the proposed non-consensual treatment of the Bank Claims.

F. WHEREAS, the parties hereto have negotiated in good faith to resolve their disputes and have agreed, among other things, to the treatment of the Bank Claims and to amend the Loan Documents in accordance with the terms set forth on Exhibit A hereto (the “Term Sheet”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and subject to the terms and conditions set forth herein, the parties hereto agree as follows:

1. Restriction on Transfer. Each of the Banks hereby agrees that, during the period commencing on the date hereof and ending on the date that a Termination Event (as defined below) first occurs, and no longer, it shall not sell, transfer or assign all or any portion of the Bank Claims, or all or any portion of its interest in the Term Loan (as defined in the Credit Agreement) or in any other claims arising under or evidenced by the Loan Documents, or any option thereon or any right thereunder (including any voting right) or interest therein (including, without limitation, any participation right in all or any portion of the Bank Claims or the Term Loan or such other claims), unless the transferee thereof agrees in writing to be bound by all the terms of this Agreement by executing a counterpart signature page of this Agreement and the

transferor provides West Georgia and the Agent with a copy thereof, in which event West Georgia shall be deemed to have acknowledged that its obligations to the Banks hereunder shall be deemed to constitute obligations in favor of such transferee.

2. Settlement of Disputes; Implementation. Subject to the terms and conditions contained in this Settlement Agreement, each of the Banks agrees, so long as it is the legal owner or beneficial owner of any Bank Claim, and has been properly solicited pursuant to Section 1125 of the Bankruptcy Code for a vote for acceptance of a plan of reorganization for purposes of Section 1126 of the Bankruptcy Code, (i) not to object, or support or join with any third party in objecting, to confirmation of a Chapter 11 plan of the Debtors which is either a Conforming Plan or an Alternate Plan (each as defined in the Term Sheet, and together, a “Plan”), vote for or otherwise directly or indirectly seek, solicit, support or encourage any plan of reorganization or liquidation of the Debtors that is not a Plan, or take any other action which is inconsistent with, or that could delay confirmation of, a Plan, and (ii) to timely vote its interest in the Bank Claims, or cause the Agent to so vote on its behalf, to accept a Plan.

3. Acknowledgment. This Agreement, and the transactions contemplated herein are the product of negotiations among the parties hereto and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of Sections 1125 and 1126 of the Bankruptcy Code, or otherwise.

4. Termination of Agreement. The Agent on behalf of the Banks may terminate this Agreement upon written notice to West Georgia if any of the following events (any such event, a “Termination Event”) occurs: (i) the Chapter 11 Case of West Georgia shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or a Chapter 11

trustee shall be appointed in West Georgia's Chapter 11 Case, (ii) the Debtors seek approval of a Disclosure Statement that is not in respect of a Plan or the Debtors file, propound or otherwise support any plan of reorganization that is not a Plan, (iii) the Debtors have disclaimed in writing their intention to pursue confirmation of a Plan, (iv) a Plan has not been confirmed by order of the Bankruptcy Court on or before December 31, 2005, (v) the effective date of a Plan has not occurred on or before March 31, 2006, (vi) West Georgia shall have breached any material provision of this Agreement and any such breach or failure remains uncured for a period of five business days after the Agent has delivered written notice of such breach or failure to West Georgia, (vii) West Georgia shall initiate or join in any objection, lawsuit, adversary proceeding, contested matter or challenge of any kind whatsoever, including without limitation, seeking avoidance, recharacterization, subordination or disallowance of any of the Bank Claims, Loan Documents or liens or security interests related thereto, and (viii) failure of the Bankruptcy Court to enter an order approving the terms of this Agreement, on or before the deadline for voting on a Plan.

5. Representations and Warranties. Each of West Georgia, on the one hand, and each of the Agent and each Bank, on the other hand, represents and warrants to the other that the following statements are true, correct and complete as of the date hereof:

(a) Organization; Corporate Power and Authority. It is duly organized and validly existing under the laws of the jurisdiction of its organization. Subject, in the case of West Georgia, to approval by the Bankruptcy Court, it has all requisite power and authority (corporate or otherwise) to enter into this Agreement and to carry out the transactions contemplated by, and to perform its respective obligations under, this Agreement.

(b) No Conflicts. The execution, delivery and performance by it of this Agreement do not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its certificate of incorporation or bylaws or other organizational documents, or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

(c) Governmental Consents. The execution, delivery and performance by it of this Agreement do not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, except, in the case of West Georgia, such filings as may be necessary in connection with obtaining the approval of this Agreement and of a Disclosure Statement, and with confirmation of a Plan, in each case by the Bankruptcy Court.

(d) Binding Obligation. Subject, in the case of West Georgia, to Bankruptcy Court approval, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms.

(e) Additional Bank Representations. Each Bank represents severally and not jointly to West Georgia that, as of the date hereof, it is (i) the sole and beneficial owner of the principal amount of the Term Loan set forth on its signature page hereto, and is entitled to all of the rights (including voting rights) and benefits under the Loan Documents and on account of the Bank Claims in respect thereof, and (ii) it has made no prior assignment, participation or other transfer of, and has not entered into any other agreement to assign, participate or otherwise transfer, in whole or in part, any portion of its right, title or interest in the Bank Claims or in the Term Loan and it owns such right

title and interest free and clear of any lien, security interest or encumbrance of any kind or nature.

6. Acknowledgements of West Georgia. West Georgia agrees that, so long as the Agent has not terminated this agreement in accordance with paragraph 4 hereof and no Bank has defaulted on any of its representations or agreements hereunder, it shall not assert any challenge to the Bank Claims and liens and security interests securing the Bank Claims, including without limitation, any challenge as to allowed amount or fully secured status, validity, perfection, or enforceability of the Bank Claims, liens and security interests, and shall not seek to recharacterize or subordinate the Bank Claims, liens and security interests, or to disgorge or avoid any pre or post petition transfer to the Agent or any Bank in connection with the Loan Documents or pursuant to that certain Stipulation and Agreed Order Authorizing (i) Use of Cash Collateral Pursuant to 11 U.S.C. § 363 and Bankruptcy Rules 4001 (b) and (d) and (ii) Grant of Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363 Dated as of December 3, 2003.

7. Condition to Effectiveness. Each of the parties' obligations under this Agreement is subject to the approval of the Bankruptcy Court by Final Order approving the terms of this Agreement. For purposes hereof, Final Order shall mean an entered order that has not been stayed, vacated or reversed, or materially modified or amended, and as to which: (i) the time to seek review, reargument or rehearing has expired, and as to which no appeal or motion for certiorari, review or rehearing is pending, or (ii) if a stay, appeal, review, reargument, rehearing, or certiorari has been sought, the order or judgment has been affirmed, or the request for stay, review, reargument, rehearing or certiorari has been denied and the time to seek further stay, appeal, review, reargument, rehearing or certiorari has expired, as a result of which such order or judgment has become final and non-appealable in accordance with applicable law;

provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or Rule 9024 of the Federal Rules of Bankruptcy Procedure may be, but has not then been filed with respect to such order, shall not cause such order not to be a Final Order.

8. No Admission of Liability. Nothing contained in this Agreement shall constitute an admission of liability or otherwise by any party and may not be offered or received in evidence or requested in discovery in the Chapter 11 Cases or any other action or proceeding involving any party hereto except in an action to enforce the terms hereof.

9. Good Faith Negotiation of Documents. West Georgia, each Bank and the Agent each covenants and agrees to use commercially reasonable efforts to negotiate the definitive documents relating to the restructuring of West Georgia's obligations under the Loan Documents, consistent with the Term Sheet, including, without limitation, any amendments to the Credit Agreement and the other Loan Documents.

10. Amendments. This Agreement may not be modified, amended or supplemented except in writing signed by the parties hereto.

11. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provision which would require the application of the law of any other jurisdiction. Each of the parties hereto agrees that the Bankruptcy Court shall have exclusive jurisdiction over all matters arising out of or in connection with this Agreement.

12. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

13. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the parties hereto and their respective successors, assigns, administrators and representatives.

14. Prior Negotiations. This Agreement and the Term Sheet supersede all prior negotiations with respect to the subject matter hereof and thereof.

15. Counterparts; Telecopier. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. This Agreement may be executed by telecopier.

16. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the parties hereto and no other person or entity shall be a third-party beneficiary hereof.

17. No waiver of Participation and Reservation of Rights. This Agreement, is part of a proposed settlement of disputes among the parties hereto. Except as expressly provided in this Agreement, nothing herein is intended to, does or shall be deemed in any manner to waive, limit, impair, or restrict the ability of any party to this Agreement to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the Debtors, any liens or security interests in assets of any of the Debtors, or its full participation in the Chapter 11 Cases.

18. Notices. All notices or other communications required or permitted hereunder shall be in writing (including by facsimile with written confirmation thereof) and shall be delivered (and shall be deemed to have been given upon receipt) by a nationally recognized overnight commercial courier, or by facsimile (which is confirmed), to the respective parties, as follows:

If to a Bank:

To the address or telecopier number set forth
on its signature page hereto.

If to the Agent or to Deutsche Bank AG, New York Branch as Bank, to:
Deutsche Bank AG, New York Branch
60 Wall Street
New York, New York 10005-2858
Attention: Lisa Cintron
Steven Cohen

With a copy to:

Bingham McCutchen LLP
399 Park Avenue
New York, New York 10022-4689
Attention: Robert M. Dombroff, Esq.
Telecopier: 212-752-5378

If to West Georgia, to:


c/o Mirant Corporation
1155 Perimeter Center West
Atlanta, Georgia 30338-5416
Attention: Steve Nickerson
Telecopier: 678-579-5951

With a copy to:

White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
Attention: Evan C. Hollander, Esq.
Telecopier: 212-354-8113

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.


WEST GEORGIA GENERATING COMPANY,
L.L.C.

By: 
Name: *Robert A. Hayes*
Title: *President*

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Agent

By: 
Name: **Steven A. Cohen**
Title: **Director**

and

By: 
Name: **Lisa Cintron**
Title: **Vice President**

THE ROYAL BANK OF SCOTLAND PLC, as
Bank

By: _____
Name:
Title:

Share of Total Principal Amount of Term Loan:
\$41,850,000.00 (30.00%)

Contact Information:

The Royal Bank of Scotland PLC
101 Park Avenue, 11th Floor
New York, NY 10178
Attn: Simon Mockford
Tel: 212-401-3719
Fax: 212-401-3419

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED, as Bank

By: _____
Name:
Title:

Share of Total Principal Amount of Term Loan:
\$23,250,000.00 (16.67%)

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Agent

By: _____
Name:
Title:

and

By: _____
Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC, as
Bank

By: Simon Mockford
Name: Simon Mockford
Title: Vice President

Share of Total Principal Amount of Term Loan:
\$41,850,000.00 (30.00%)

Contact Information:

The Royal Bank of Scotland PLC
101 Park Avenue, 11th Floor
New York, NY 10178
Attn: Simon Mockford
Tel: 212-401-3719
Fax: 212-401-3419

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED, as Bank

By: _____
Name:
Title:

Share of Total Principal Amount of Term Loan:
\$23,250,000.00 (16.67%)

DEUTSCHE BANK AG, NEW YORK BRANCH
as Agent

By: _____
Name:
Title:

and

By: _____
Name:
Title:

THE ROYAL BANK OF SCOTLAND PLC, as
Bank

By: _____
Name:
Title:

Share of Total Principal Amount of Term Loan:
\$41,850,000.00 (30.00%)

Contact Information:

The Royal Bank of Scotland PLC
101 Park Avenue, 11th Floor
New York, NY 10178
Attn: Simon Mockford
Tel: 212-401-3719
Fax: 212-401-3419

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED, as Bank

By: _____
Name: John W. WADE
Title: Director

Share of Total Principal Amount of Term Loan:
\$23,250,000.00 (16.67%)

Contact Information:

Australia and New Zealand Banking Group
Limited
1177 Avenue of the Americas
New York, NY 10036
Attn: Richard Chinloy and Olivier Janin
Tel: 212-801-9878/212-801-9748
Fax: 212-556-4878

BAYERISCHE HYPO—UND VEREINSBANK
AG, NEW YORK BRANCH, as Bank

By: _____


Name: M. Trautmann J. Sweeny
Title: Assoc. Director Director

Share of Total Principal Amount of Term Loan:
\$18,600,000.00 (13.33%)

Contact Information:

Bayerische Hypo—Und Vereinsbank AG, New
York Branch
150 East 42nd Street
New York, NY 10017
Attn: Salvatore Esposito
Tel: 212-672-5376
Fax: 212-672-5907

BANK HAPOALIM B.M., as Bank

By: _____

Name:
Title:

Share of Total Principal Amount of Term Loan:
\$18,600,000.00 (13.33%)

Contact Information:

Bank Hapoalim B.M.
1177 Avenue of the Americas
New York, NY 10036
Attn: James Surless
Tel: 212-782-2178
Fax: 212-782-2382

Contact Information:

Australia and New Zealand Banking Group
Limited
1177 Avenue of the Americas
New York, NY 10036
Attn: Richard Chinloy and Olivier Janin
Tel: 212-801-9878/212-801-9748
Fax: 212-556-4878

**BAYERISCHE HYPO—UND VEREINSBANK
AG, NEW YORK BRANCH, as Bank**

By: _____

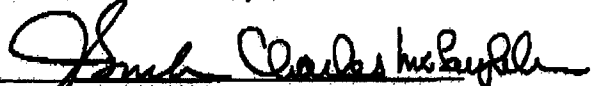
Name:
Title

Share of Total Principal Amount of Term Loan:
\$18,600,000.00 (13.33%)

Contact Information:

Bayerische Hypo—Und Vereinsbank AG, New
York Branch
150 East 42nd Street
New York, NY 10017
Attn: Salvatore Esposito
Tel: 212-672-5376
Fax: 212-672-5907

BANK HAPOALIM B.M., as Bank

By: 



Name: ~~JAMES P. SURLISS~~ **CHARLES McLAUGHLIN**
Title: ~~VICE PRESIDENT~~ **SENIOR VICE PRESIDENT**

Share of Total Principal Amount of Term Loan:
\$18,600,000.00 (13.33%)

Contact Information:

Bank Hapoalim B.M.
1177 Avenue of the Americas
New York, NY 10036
Attn: James Surliss
Tel: 212-782-2178
Fax: 212-782-2382

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Bank

By:  
Name: **Steven A. Cohen** **Lisa Cintron**
Title: **Director** **Vice President**

Share of Total Principal Amount of Term Loan:
\$37,200,000.00 (26.67%)

[Signature Page to Settlement Agreement dated as of October 25 2005]

**SUMMARY OF CONSENSUAL TERMS OF TREATMENT
OF CLASS TWO SECURED CLAIMS AGAINST
CONSOLIDATED MIRANT DEBTORS UNDER AMENDED
JOINT CHAPTER 11 PLAN OF REORGANIZATION FOR
MIRANT CORPORATION (“MIRANT”) AND ITS
AFFILIATED DEBTORS**

Term sheet of principal terms and conditions of the treatment to be provided to the holders of Class Two Secured Claims against the Consolidated Mirant Debtors. This term sheet does not represent a commitment, obligation or understanding on the part of the Debtors or the Banks of any kind or nature. Any final agreement to this term sheet on the part of the Debtors will be subject to approval by the Mirant creditors committee. Further, the restructuring, in accordance with this term sheet, of the indebtedness under the Credit Agreement referred to below shall be subject to final definitive documentation satisfactory to the Debtors and to the Banks party to the Credit Agreement, and to the occurrence of the Effective Date (defined below). Capitalized terms used but not defined herein shall have the meanings given them in the Credit Agreement, dated as of December 12, 2000 (as amended through the date hereof, the “Credit Agreement”), among West Georgia Generating Company, L.L.C. (“West Georgia”), the financial institutions party thereto (the “Banks”), and Deutsche Bank, AG, New York Branch, as agent for the Banks (in such capacity, the “Agent”).

Amended Final Term Loan Maturity Date:	September 30, 2011.
Interest Rate (non-default; payable quarterly):	LIBOR plus 262.5 through June 1, 2006; thereafter, LIBOR plus 312.5 through the Amended Final Term Loan Maturity Date.
Amortization/Cash Sweep:	\$45 million to be paid to the Banks on the Effective Date. Subject to the \$10 million transfer to West Georgia’s parent on the Effective Date, and to the full funding of a working capital reserve (the “Working Capital Reserve”), in each case as set forth below, Banks may sweep any cash in excess of the Working Capital Reserve after the end of each fiscal quarter so long as the amount of excess cash is at least \$100,000.
Cash Transfer:	\$10 million in cash shall be transferred to West Georgia’s parent on the Effective Date, but in no event prior to the \$45 million amortization payment to the Banks set forth above. All claims existing as of the Effective

Date, including pre- and post-petition claims of any kind or nature, except for Excluded Claims and intercompany claims, will be paid solely by the recipient of the \$10 million parent transfer set forth above, but only in an aggregate amount up to the amount of such transfer. "Excluded Claims" for the purposes hereof means only (a) the potential priority tax and cure claims listed on the attached Schedule "A", but only to the extent that such claims are ultimately determined to be allowed, valid and enforceable priority tax and cure claims, (b) obligations owed to the Banks and the Agent under the Credit Documents, (c) any accrued and unpaid Management Expenses (defined below), (d) administrative claims due and payable after March 31, 2005 which are paid in the ordinary course of business in accordance with the budget attached as Schedule "B", and (e) O&M Costs incurred in an emergency. Excluded Claims will instead be paid out of the Revenue Account. Any priority tax and cure claims which are Excluded Claims to be paid out of the Revenue Account will be paid on the Effective Date.

Working Capital Reserve:

\$8.5 million Working Capital Reserve. Working Capital Reserve to be funded from excess cash available after (i) payment of the Excluded Claims which are payable on the Effective Date, (ii) payment of the \$45 million amortization payment to the Banks, and (iii) the \$10 million cash transfer to West Georgia's parent. No excess cash flow sweeps shall be made to the Banks at any time after the Effective Date that the Working Capital Reserve is not fully funded.

Management Expenses; Included as O&M Costs:

"Management Expenses" means (a) allocated corporate expenses up to \$2,049,742, without duplication of any other O&M Costs and retroactive, in the case of calendar year 2005, to January 1, 2005, such allocation to be based on the methodology for subsidiaries of

Mirant attached hereto as Schedule "C" (the "Corporate Overhead"), (b) amounts allocated as payable by West Georgia to Mirant Americas Energy Marketing, LP ("MAEM") for services provided by MAEM pursuant to the Master Purchase and Sale Agreement (as amended, supplemented or modified from time to time), up to \$320,023, without duplication of any other O&M Costs and retroactive, in the case of such amounts for calendar year 2005, to January 1, 2005 (together with the Corporate Overhead, the "Allocated Amounts"), (c) actual costs incurred by West Georgia for oversight, travel expense reimbursement and engineering support, in each case directly related to operation of the Project, up to \$113,000, and (d) letter of credit fees ("LC Fees") paid by any Affiliate of West Georgia, after January 1, 2006, in connection with the issuance of letters of credit for the benefit of West Georgia, up to an amount equal to 1.50% of the aggregate face amount of all such letters of credit.

All Management Expenses shall be deemed to be O&M Costs, and line items in the Annual Operating Budget for calendar year 2005, and shall be included by the Debtor as line items in all future Annual Operating Budgets, provided that the line items for the Allocated Amounts and the LC Fees shall not exceed the amounts set forth above or be subject to the permitted variance described in Section 7.1.2 of the Credit Agreement.

The allocation methodology and payment terms applicable to the Allocated Amounts, and the payment terms of the LC Fees, shall be applied on a basis substantially consistent with all other U.S. subsidiaries of Mirant or Mirant Americas Generating, LLC. So long as the line items for the Allocated Amounts and LC Fees in each Annual Operating Budget do not exceed the maximum amounts set forth above, and a Responsible Officer of West Georgia certifies in writing that the allocation methodology for, and payment

terms of, the Allocated Amounts and of the LC Fees, as the case may be, have been consistently applied as set forth in the immediately preceding sentence, the allocations and amounts shall be deemed to be reasonable and the Annual Operating Budget may not be disapproved by the Agent or by the Independent Engineer based on such line items.

Prepayments:

Permitted in accordance with Section 2.1.6 of the Credit Agreement.

Upfront Fee:

None.

Other Terms:

Financial reporting covenants amended to require delivery of financial statements and reports in respect of Mirant Corp. and MAG only, and not of any affiliated entities.

Amend Section 10.14 of the Credit Agreement to delete Borrower “consultation” requirement.

Amend plan Section 8.8 to make clear that West Georgia will not be merged or consolidated with an affiliate post-confirmation.

The Banks agree to support a plan (a “Conforming Plan”) that (a) treats the Bank’s claims against West Georgia in accordance with this term sheet, (b) allows for substantive consolidation of the Debtors for voting and distribution purposes only, (c) provides for a cancellation or waiver of all intercompany claims between West Georgia, on the one hand, and any of the other Debtors, on the other hand (other than any accrued and unpaid portion of the Management Expenses), and (d) is otherwise substantially in the form of the Second Amended Plan on file with the Bankruptcy Court on September 22, 2005, as such plan may be further modified by the Debtors (subject to clauses (a) and (c) of this paragraph) so long as in a manner which is not materially adverse to the Banks’ interests.

In the event a plan providing for substantive consolidation of the Debtors for voting and distribution purposes is not approved, the Banks further agree to support any plan (an "Alternate Plan") that (i) treats the Banks' claims as set forth herein, (ii) provides that all intercompany claims against West Georgia (other than any accrued and unpaid portion of the Management Expenses) (a) are cancelled or waived, or (b) receive a distribution in the form of new equity interests in West Georgia, provided that (x) reorganized Mirant continues to own, directly or indirectly 50% of the voting interests in West Georgia and continues to control, directly or indirectly, through a management contract or otherwise, the management of West Georgia and the operation of the Project and (y) all such equity is pledged to the Agent for the benefit of the Banks on terms and under documentation substantially similar to the existing documentation governing the pledge of equity in West Georgia, (iii) all other pre- and post-petition claims are treated in a manner consistent with this term sheet, and (iv) such Alternate Plan is not otherwise materially adverse to the Banks. Any Conforming Plan or Alternate Plan must be consistent with the Credit Documents and this term sheet.

The Banks' obligation to support either a Conforming Plan or an Alternate Plan shall expire on December 31, 2005.

As used herein, "Effective Date" shall mean the date which is the later to occur of (i) the date on which a Conforming Plan or an Alternate Plan is confirmed by the Bankruptcy Court, and (ii) the date definitive documentation amending the Credit Agreement and related documents in conformity therewith shall have been executed by the proper parties thereto, and all conditions precedent to the effectiveness thereof have been satisfied or waived in

writing.

Mirant Corporation, et al.
Excluded Tax and Cure Claims

SCHEDULE A

5663 UPSON COUNTY TAX COMMISSIONER	\$806,531.20	\$0.00	\$806,531.20
6304 SOUTHERN COMPANY SERVICES, INC. AS AGENT	\$0.00	\$1,088.70	\$1,088.70
6305 SOUTHERN COMPANY SERVICES, INC. AS AGENT	\$0.00	\$3,131.64	\$3,131.64
7256 EL PASO MERCHANT ENERGY, L.P.	\$0.00	\$368,564.52	\$368,564.52
SCH-90-F4-2692 CITY OF THOMASTON	\$623.56	\$0.00	\$623.56
SCH-90-F4-2694 GEORGIA DEPARTMENT OF NATURAL RESOURCES	\$0.00	\$4,000.00	\$4,000.00
SCH-90-F4-2695 GEORGIA POWER COMPANY	\$0.00	\$19,842.15	\$19,842.15
	\$807,154.76	\$396,627.01	\$1,203,781.77

SCHEDULE B

West Georgia Generating Company
2006 Cash Flow Budget

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Revenue:													
Capacity Revenue:													
Georgia Power	299,850	196,800	79,950	79,950	159,900	4,021,246	6,823,232	6,823,232	2,838,528	238,544	238,544	238,544	719,950
Georgia Power 1999	857,520	643,140	429,780	214,390	429,780	4,021,246	6,823,232	6,823,232	2,838,528	238,544	238,544	238,544	23,389,632
Total Capacity Revenue	1,097,370	803,040	509,730	294,330	589,680	8,042,492	13,646,464	13,646,464	5,677,056	477,088	477,088	477,088	24,107,682
Energy Revenue:													
Georgia Power	466,158	379,412	573,862	639,454	1,047,244	1,091,283	2,141,782	2,089,269	1,750,314	477,477	565,063	565,390	3,105,160
Georgia Power 1999	745,631	532,568	871,292	930,202	1,504,860	1,091,283	2,141,782	2,089,269	1,750,314	477,477	565,063	565,390	13,779,640
Total Energy Revenue	1,211,789	912,000	1,395,154	1,569,656	2,552,104	2,182,566	4,283,564	4,178,538	3,500,628	954,954	1,130,453	1,130,780	16,884,800
MAEM Power Sales													
Total Revenues	2,309,159	1,715,040	1,904,883	1,864,086	3,140,584	5,112,531	8,765,014	8,296,501	4,566,642	714,021	801,807	799,824	40,992,082
Fuel Costs													
Gross Margin (Revenue-Fuel)	1,257,464	853,823	1,434,656	1,603,990	2,746,322	976,427	1,845,910	2,284,516	1,564,491	442,543	520,901	486,999	16,199,072
Expenses:													
Labor and Benefits	64,467	60,848	64,548	65,111	96,353	65,920	67,176	97,292	66,049	65,462	64,298	65,462	782,968
GE O&M Fee	21,356	21,356	21,356	21,356	21,356	21,356	21,783	21,783	21,783	21,783	21,783	21,783	258,638
GE Performance Bonus	-	-	-	-	-	-	-	-	-	-	-	-	75,000
LTS&A Cash Flow	-	-	94,900	-	-	172,462	-	253,749	-	-	-	-	42,589
Firm Gas Transportation	10,000	10,000	10,000	10,000	10,000	10,000	254,000	254,000	10,000	10,000	10,000	10,000	1,098,000
Transmission	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Electricity	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000
Consumables, Chemicals, and Lubricants	24,859	17,159	18,934	14,199	9,659	10,934	10,934	15,439	10,314	10,159	9,659	17,430	169,344
Tools and Safety Equipment	2,813	3,213	2,813	2,813	2,813	2,813	2,813	2,813	2,813	2,813	2,813	2,813	36,058
General and Administrative	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	45,000
Balancing Agreement Charge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Waste Disposal	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
Fleet, Permits & Legal	-	-	8,000	-	8,000	10,500	1,750	1,750	4,250	1,750	-	8,000	10,500
Contractor/Consulting Services	16,722	7,222	15,333	4,722	5,222	5,222	5,222	5,222	5,222	5,222	5,222	5,222	67,222
All Variances	600,500	-	-	-	65,000	-	-	-	-	-	-	-	663,500
Allocated Corporate Overhead	169,710	177,433	177,433	170,478	187,584	175,584	175,584	187,759	187,510	170,568	183,562	183,562	2,121,702
Allocated MAEM Overhead	28,497	26,514	27,702	28,479	28,180	27,423	27,423	26,192	26,200	26,200	26,200	26,200	320,423
Marlet Overalls, Travel, and Engr. Support	7,181	7,181	13,831	13,281	7,181	7,181	7,181	7,181	7,181	7,181	7,181	7,181	80,000
Charitable Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Training, Travel and Meals	3,267	10,133	4,333	883	4,517	883	1,133	3,433	2,583	2,583	2,433	1,133	35,867
Bank Fees	4,350	75,000	25,000	3,065	3,065	3,065	3,065	3,065	3,065	3,065	3,065	3,065	37,500
IT/Communication	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Other	986,121	448,515	822,048	367,648	457,215	825,203	638,179	617,730	890,070	448,057	358,721	1,651,098	8,209,008
Total Direct Expenses	2,243,615	1,402,338	2,008,704	2,051,038	3,283,537	1,846,630	2,483,080	2,892,246	2,454,581	898,600	929,522	2,147,796	24,679,678
Capital Expenditures	65,543	312,702	(102,911)	(198,052)	(112,973)	3,266,901	6,281,824	6,337,255	2,134,281	(224,579)	(127,915)	(1,357,873)	16,314,403
Total Operating Expenses	2,309,158	1,715,040	1,905,793	1,852,990	3,140,564	5,112,531	8,765,014	9,296,501	4,588,862	714,021	801,807	799,824	40,992,082
Total Operating Cash Flow	65,543	312,702	(102,911)	(198,052)	(112,973)	3,266,901	6,281,824	6,337,255	2,134,281	(224,579)	(127,915)	(1,357,873)	16,314,403
Non-Operating Expenses:													
Debt Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	2,309,158	1,715,040	1,905,793	1,852,990	3,140,564	5,112,531	8,765,014	9,296,501	4,588,862	714,021	801,807	799,824	40,992,082
Net Cash Change	65,543	312,702	(102,911)	(198,052)	(112,973)	3,266,901	6,281,824	6,337,255	2,134,281	(224,579)	(127,915)	(1,357,873)	16,314,403
Cumulative Cash	15,085,543	15,378,245	14,091,544	13,933,482	13,820,519	15,903,530	22,185,454	28,522,709	29,366,285	17,170,716	17,042,801	14,590,881	15,085,543
Monthly Output (MWh)	16,985	13,667	31,841	22,852	39,854	15,124	28,003	35,922	25,085	7,838	9,538	6,351	249,027
Capacity Factor	3.0%	3.4%	4.9%	3.5%	6.9%	2.7%	4.7%	6.0%	4.6%	1.3%	1.6%	1.1%	4.7%
Number of Starts (1 unit=1 start)	7.0	5.6	6.1	8.4	16.1	11.4	14.9	14.9	10.4	3.3	3.9	3.8	100
Akin-Dalhousie Gas Price (\$/MWh)	6.82	7.0	6.80	6.97	5.81	5.84	5.80	5.81	5.82	5.82	6.05	6.24	6.14
On-Peak Electric Price (\$/MWh)	42.31	38.33	40.38	40.15	47.32	42.57	52.71	50.70	52.41	40.83	41.33	42.19	44.87

Year-to-Date (Jan-Dec 2004)	3,359	4,68
Jan-Sep (9 mo. Labor)	2,825	5.31
Oct-Dec (3 mo. Labor)	2,845	5.47

SCHEDULE C

TOTAL COSTS - PLANT/LLC LEVEL

RRN	Department	W. Georgia
Controller:		
414	Jacobsen/Streek International Controller	0
424	Streek Accounting - Commercial	0
393	Russell/Streek Asset Controller	(11,408)
218	Streek Accounting - Executive	(173,879)
219	Streek Accounting - Financial Accounting & Reportin	(14,562)
221	Streek Accounting - Operations	(31,887)
227	Streek Accounting - SEC Reporting	(17,432)
	Total Controller	<u>(249,169)</u>
TOTAL FINANCE AND ACCOUNTING		<u>(977,347)</u>
Regulatory		
359	Warnock State Relations	(27,957)
358	Warnock Federal Relations	(22,063)
350	Warnock External & Regulatory Affairs	(63,741)
	Total Regulatory	<u>(113,761)</u>
Total Regulatory		<u>(113,761)</u>
GENERAL COUNSEL		
255	Miller General Counsel	(10,604)
430	Miller Board and Stockholder Services	(27,411)
390	Miller Legal - Corporate Secretary	(25,441)
391	Miller Legal - Risk Management and Compliance	(87,464)
418	Miller Legal - Regulatory Affairs	(43,343)
426	Miller Legal - Trading & Marketing	0
	Total General Counsel	<u>(194,264)</u>
TOTAL GENERAL COUNSEL		<u>(194,264)</u>
NORTH AMERICA		
North America - Executive:		
347	Morgan Americas - Executive	
aaa	Campbell Operations	
	Total North America - Executive	<u>(58,937)</u>
North America - Planning and Performance:		
362	Cherry Market Evaluation	(40,101)
417	Cherry North America Planning & Tracking	(6,301)
423	Cherry NA Investment Evaluation	(6,316)
bbb	Hale Operations Performance Mgmt.	(12,341)
	Total North America - Planning and Performance	<u>(65,060)</u>
North America - Operations Officer:		
205	Gouveia Construction	
210	Gouveia Power Generation - Executive	
213	Gouveia Support Services	
214	Gouveia Transmission Support	
	Total North America - Operations Officer	<u>(50,361)</u>
TOTAL NORTH AMERICA		<u>(174,358)</u>
INTERNATIONAL		
International:		
427	Harris SAC Mgmt	0
	Total International	<u>0</u>
TOTAL INTERNATIONAL		<u>0</u>
EXECUTIVE		
Executive:		
254	Fuller Executive	
	Total Executive	<u>(40,857)</u>
TOTAL EXECUTIVE		<u>(40,857)</u>
DEPRECIATION		
Depreciation:		
283	Mostly IT Software Depreciation Corporate	
	Total Depreciation	<u>(130,909)</u>
TOTAL DEPRECIATION		<u>(130,909)</u>
Other:		
288	Mirant Services - General	13,311
	Total Other	<u>13,311</u>
TOTAL		<u>(2,049,742)</u>
413 Burns Bankruptcy - NOT INCLUDED IN ALLOCATIONS		
TOTAL		
	Percentage of Total Costs (excl. BK)	1.05%
	Percentage of Total Costs (incl. BK)	0.77%