EXHIBIT "A"

Mirant Collateral Allocation Policy

Background

As part of the ongoing restructuring of its operations and finances, Mirant Corporation ("Mirant") and its subsidiaries (collectively, "the Companies") have embarked on a project designed to track and appropriately allocate the costs supporting operations. As part of this exercise, Mirant has developed this policy with respect to allocating collateral posted and the costs associated with such to the Mirant legal entity benefiting from its posting. Previously, there was no allocation of collateral and associated costs to any of the Mirant legal entities benefiting from the credit support. In a purely contractual respect, Mirant Americas Energy Marketing, LP ("MAEM") has always been the Mirant contracting counterparty of record for transactions, which were either hedges for the benefit of particular Mirant asset companies or proprietary in nature for the benefit of MAEM. Consequently, all uses of collateral (other than those limited situations where an asset company was posting directly) were tracked and allocated only to MAEM.

The foregoing is a practical measure to allocate collateral usage and the costs and benefits of the uses of collateral in a fashion that fairly represents the interests of the stakeholders of the Companies.

Market Based Collateral

Much of the use of collateral by the Companies is market based. That is, the amount posted is related to the financial position with a particular counterparty. Collateral usage with such counterparties fluctuates based upon forward positions, forward prices for commodities and physical deliveries and receipts. As such, it is Mirant's policy that collateral be allocated to each risk book based upon its use of collateral, without regard to the effects of other books on the collateral position.

In order to calculate the amount of collateral usage, the current mark-to-market value with a particular counterparty will be added to the net receivable (payable) position at any time ("Net Financial Position"). A negative number represents the amount of collateral usage of the book.

Note that this assumes a zero threshold of credit with the counterparty. This is the case for two reasons: 1) this is a gross assessment of the cost of a particular book and does not take into account diversification with other books or Mirant companies; and 2) it is highly unlikely that a single book (were it a stand-alone operation) would be able to obtain significant credit with over-the-counter trading partners. Consequently, allocating the amount of collateral based upon Net Financial Position could result in a collateral usage allocation for a book, even if as a company, Mirant is not posting collateral.

If the Net Financial Position with a counterparty is positive, then the book will not receive a collateral allocation. Conversely, the book is also not allocated a benefit for this position, because without the ability to net with other books, it would merely be incurring credit risk.

Additional Collateral

Depending upon the credit status of the Mirant with its counterparties, sometimes the amount of collateral posted will be in excess of the Net Financial Position. There are three primary reasons for this. First of all, the counterparty may require an initial margin. This is an amount of collateral, which is required by the counterparty, regardless of the Net Financial Position. Secondly, the counterparty may require a negative threshold. This is a situation, where there is a cushion of collateral required until the Net Financial Position is in Mirant's favor by more than a specified amount. Finally, it is often the case that the collateral requirement is a result of the calculation of a counterparty and is the subject of minor disagreement between Mirant and that counterparty. (Usually, the disagreement is for a de minimis amount.) In all such cases, the amount of collateral posted in excess of the Net Financial Position will be allocated to the books in proportion to their Net Financial Positions.

Allocations of Market Based Collateral for Non-Exclusive Books

In certain cases, hedging may be performed by a non-hedging book. For example, the Price Desk may engage in the purchase and sale of NYMEX futures in order to hedge several different assets. The positions that a book takes for the benefit of other hedging books may be reflected by an interbook (or intercompany) trade. In this case, the calculation may be done by looking at the net position for each book and treating the non-exclusive book as if it were an external counterparty. Thus, we can determine the amount of collateral that would have been posted, had that book engaged directly with the exchange.

Non-Market Based Collateral

Certain uses of collateral are not based upon market conditions. Examples would include firm transportation or transmission agreements. Collateral is usually posted pursuant to a fixed tariff calculation and is not subject to change unless either the underlying contract or the tariff is modified. In such cases, it is fairly straightforward to allocate collateral use to particular risk books. If there is more than one risk book making use of a particular pipeline or transmission agreement, then Commercial Management will make the determination of the appropriate allocation between the books. The Credit department will be required to approve Commercial Management's allocation methodology in these situations. Additionally, unlike market based collateral, the collateral allocated will be based upon the actual amount of collateral posted by Mirant.

Prepayments

Prepayments will be tracked, applied to the appropriate book(s) and treated as cash collateral for the purposes of cost allocation. As prepayments are made for different purposes and the amount of time a prepayment is in effect tends to vary, a calculation will be performed, which will determine the average number of days (before settlement) that prepayments have been in effect and the amount posted for each book to a particular counterparty.

Companies

There are four main groups to consider for allocation: MAEM, Mirant Americas Generating, LLC ("MAGI"), Mirant Mid-Atlantic, LLC ("MIRMA") and other Mirant assets ("Non-MAGI"). Examples of Non-MAGI include West Georgia, LLC or Mirant Zeeland. After allocating positions at the book level, aggregation of the collateral use will take place at MAEM, MIRMA, MAGI (including MIRMA) and each legal entity within the Non-MAGI category. This means that the Net Financial Position with particular counterparty will be aggregated up to the MAEM level for all MAEM books, the MIRMA level for all MIRMA asset books, the MAGI level for all MAGI asset books, and the particular legal entity level for all Non-MAGI asset books.

Within the particular company grouping, all benefits of diversification will be reflected at the Mirant level. That is, (with a particular counterparty) positive Net Financial Positions may be netted with negative Net Financial Positions, resulting in the collateral utilization for the entity.

Aggregations between Companies

Once the Net Financial Positions are allocated to the Companies, they may then be netted among the companies. Any savings to collateral associated with diversification among companies will be credited to Mirant Corporation. This is in recognition of the value that a holding company brings to the credit of individual companies.

An example of the calculation is produced in Exhibit I.

Costs

Once the allocations of the collateral usage of each book have been determined, it is then possible to determine the costs associated with each book. The average collateral usage for each book will be determined during a particular measurement period. A capital charge will then be applied to this average collateral usage using the actual days outstanding on a 365-day annual basis. The capital charge will be based upon the weighted-average cost of collateral outstanding and will be calculated as follows:

$$(\mathbf{LOC} / \mathbf{Total\ Collateral}) * \mathbf{LOC_{rate}} + (\mathbf{Cash} / \mathbf{Total\ Collateral}) * \mathbf{Cash_{rate}}$$ where:

LOC equals the dollar amount of letters of credit outstanding for the purpose of collateral;
LOC_{rate} equals the annual percentage rate on the applicable credit facility as determined by the Treasury department for the measurement period;
Cash equals the dollar amount of cash outstanding for the purpose of collateral and prepayments; and
$Cash_{rate}$ equals the investment rate on overnight cash as determined by the Treasury department for the measurement period.

Exhibit I

Company	Book	Net Financial Position	Counterparty
MAEM	East Market Forward	$5,000,000	ABC Companies
MAEM	West Cash Gas	($9,000,000)	ABC Companies
Total MAEM		**($4,000,000)**	
MAGI	CA Asset Forward MTM	($3,000,000)	ABC Companies
MAGI	NYPOOL Asset Forward MTM	$6,000,000	ABC Companies
Total MAGI		**$0**	
Zeeland	Asset Forward MTM	($5,000,000)	ABC Companies
Total Non-MAGI		**($5,000,000)**	
Total Collateral Posted to ABC Companies		**($6,000,000)**	
Diversification credit to Mirant Corporation		**$3,000,000**	

Note, that from time to time, the amounts posted to counterparties will not exactly equal the Net Financial Position. Unfavorable variations to the Net Financial Positions, such as initial margins, will be allocated to those companies exhibiting negative Net Financial Positions. Favorable variations will be allocated as a diversification credit to Mirant Corporation.