EXHIBIT C

LIQUIDATION ANALYSIS

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Liquidation Analysis

A. Introduction

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (i) accepts the plan or (ii) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code on the effective date. The first step in meeting this test is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets in the context of a chapter 7 liquidation in which a chapter 7 trustee is appointed and charged with reducing to cash any and all assets of the Debtors. The trustee would be required to either (i) sell the generating assets owned by the Debtors and their non-Debtor affiliates as going-concerns or (ii) shut down the Debtors' businesses, file the non-Debtor operating subsidiaries in affiliated chapter 7 cases and sell the individual assets of the Debtors. In preparing the Liquidation Analysis, the Debtors determined that the greatest value would be realized if the chapter 7 trustee were able to sell the cash-flow positive generating assets on a going-concern basis. Accordingly, this is the assumption employed in preparing the Liquidation Analysis. THERE EXISTS A RISK THAT IF THE DEBTORS WERE TO CONVERT THEIR CASES TO CHAPTER 7, THE TRUSTEE WOULD: (i) BE UNABLE TO LIQUIDATE THE GENERATING ASSETS AS GOING-CONCERNS BECAUSE OF PROVISIONS OF THE BANKRUPTCY CODE WHICH LIMIT THE ABILITY OF A CHAPTER 7 TRUSTEE TO OPERATE, AND THEREFORE LIQUIDATE, THE GENERATING ASSETS AS GOING-CONCERNS; OR (ii) NOT ELECT TO LIQUIDATE THE GENERATING ASSETS AS GOING-CONCERNS AND WOULD INSTEAD SELL THE INDIVIDUAL ASSETS OF THE DEBTORS.

The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets, including cash held by the Debtors at the time of the commencement of the hypothetical chapter 7 case. Such amount is reduced by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtors' business and the use of chapter 7 for purposes of the hypothetical liquidation. Any remaining net cash would be allocated to creditors and stockholders in strict priority in accordance with section 726 of the Bankruptcy Code.

As discussed below in the "Key Assumptions — Corporate and Legal Structure" section, the Debtors have not prepared a liquidation analysis on a Debtor-by-Debtor basis. There are several reasons for this. First, because of the complicated intercompany claims relationships and agreements amongst the Debtors, preparation of a liquidation analysis on a Debtor-by-Debtor basis is impractical and costly. See "Certain Affiliate Transactions — Material Intercompany Relationships Among the Debtors" and Schedule 5 entitled "Petition Date Net Intercompany Payables." Second, given the complexities involved, the Debtors could not conclude with reasonable certainty that any such Debtor-by-Debtor liquidation analysis would be a fair presentation of such a liquidation. For information regarding the book value of each Debtors' Assets as of the Petition Date, such information is contained in each Debtors' Schedules filed with the Bankruptcy Court.

A general summary of the assumptions used by the Debtors' management in preparing the Liquidation Analysis follows.

B. Variance

Estimating recoveries in any chapter 7 case is an uncertain process due to the number of unknown variables such as business, economic and competitive contingencies beyond the chapter 7 trustee's control. The underlying projections contained in the Liquidation Analysis have not been compiled or examined by independent accountants. The Debtors make no representations regarding the accuracy of the projections or a chapter 7 trustee's ability to achieve forecasted results. Many of the assumptions underlying the projections are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the ultimate financial results. In the event these Chapter 11 Cases are converted to chapter 7, actual results may vary materially from the estimates and projections set forth in the Liquidation Analysis. As such, the Liquidation Analysis is speculative in nature.

C. Key Assumptions

(i) General Assumptions

Timing: The Debtors cases are converted to chapter 7 liquidations on December 31, 2005.

Chapter 7 Trustee: One chapter 7 Trustee is appointed to oversee the liquidation of the various Debtor estates. An assumption of multiple chapter 7 Trustees would imply longer delays to distribution, lower recoveries and higher administrative costs.

Corporate and Legal Structure: The Liquidation Analysis assumes that the chapter 7 trustee would liquidate the Estates on a Debtor Group basis. Absent liquidation by Debtor Group, it is likely that the creditors of the Debtors' estates would engage in costly and contentious litigation (possibly resulting in the appointment of multiple trustees) thereby increasing costs and reducing recoveries.

(ii) Asset Assumptions

Cash and Equivalents: Consists of (i) unrestricted cash in banks or operating accounts, (ii) specifically recoverable restricted cash, and (iii) liquid investments with maturities of three months or less. Cash and equivalents are assumed to be fully recoverable.

Power Assets: Assumes that each of the power producing assets (or equity interests in power producing assets) is sold as a going concern during a three month period. The estimated values realized for such assets reflect, among other things, the following factors:

- Projected power prices by region
- Fuel costs, based on fuel types and heat rates for each unit
- Operating, maintenance and start-up costs
- Long-term supply and demand fundamentals for power
- Long-run marginal cost of new power generation
- Capital expenditure requirements, including environmental expenditures
- Capital costs

After a review of the assets and the likely buyers, the Debtors and their advisors concluded that the forced sale of the Debtors' generating portfolio in the compressed timeframe that would likely prevail during a chapter 7 liquidation would result in significant valuation discounts relative to "fair value".

The estimated liquidation proceeds reflect the practical and pragmatic difficulties of (i) selling a project owned by one Debtor when the existing forward contracts, current employees, and other operating assets are owned by various other Debtors; (ii) the limitations on a chapter 7 trustee of operating the business of the Debtor in a chapter 7 proceeding; (iii) the risk of intervention of regulatory authorities in connection with the operation of a project in a chapter 7 proceeding; and (iv) the "as is" nature of the sale given the chapter 7 trustee's limitation and/or inability to provide representations and warranties as well as indemnification provisions in connection with the sale of a project.

Trading Assets: As part of their normal business operations, the Debtors maintain a portfolio of energy and commodity trading contracts. These contracts are used to hedge the energy and commodity price exposure of the individual generating assets as well as to generate profits through opportunistic trading. The commencement of a chapter 7 proceeding would likely have a number of negative implications for the value of the Debtors' trading contract portfolio. Among other factors, (i) counterparties would likely seek termination values based upon their own forward curves and price estimates; (ii) many of the contracts are subject to netting agreements under which the Debtors must offset out-of-the-money and in-the-money trading positions; and (iii) counterparties may attempt to offset cash collateral held by the Debtors against the value of the contracts. Accordingly, the estimated value of the trading portfolio in the Liquidation Analysis is based upon a discount to the net book value of the Debtors trading contracts. Implicit in this calculation is an assumption that out-of-the money trading contracts would receive 100% recovery in a hypothetical liquidation as a result of the netting agreements and other factors listed in the forgoing. The Debtors do not believe that modifying this assumption would materially alter the results of the liquidation analysis. In those instances where trading contracts are associated with individual generating assets, the net value of such contracts (if any) is reflected as a component of that asset's value. The Liquidation Analysis does not include any value from optimization trading or opportunistic hedging.

Proceeds from Letter of Credit Facility: The Liquidation Analysis assumes that certain outstanding pre-petition letters of credit will be drawn by trading counterparties prior to emergence; these draws will increase the amount of the (unsecured) prepetition credit facility claims and will be used by counterparties to offset amounts otherwise due from the Debtors. In a hypothetical liquidation, these letter of credit draws will be used to offset trading obligations owed to counterparties. Because trading liabilities are assumed to receive 100% recovery while prepetition credit facilities are paid at the liquidation recovery percentage, these letter of credit facilities reflect incremental value.

Other Assets: Intangible assets consist of goodwill, miscellaneous deferred charges, and other miscellaneous assets. While the Debtors and their advisors believe that the Mirant tradename and other intangible assets have value in a chapter 11 reorganization, it is likely that this value would not be realized in a chapter 7 liquidation, and accordingly no value was ascribed to such intangible assets in this analysis.

(iii) Claim Assumptions

Superpriority Claims: During the course of the Chapter 11 Cases, the Debtors have issued letters of credit under a DIP facility. There are no cash borrowings under the DIP facility. In a chapter 7 liquidation, these letters of credit would be drawn by creditors who would otherwise hold Priority claims against the Debtors. In preparing the Liquidation analysis, the Debtors have not distinguished between Superpriority and Priority claims. Because the Debtors are administratively solvent even in a hypothetical chapter 7 liquidation, this assumption does not impact creditor recoveries.

Administrative and Priority Claims: Administrative and Priority claims consist of (i) priority tax claims, which are based on the tax liabilities recorded on the balance sheets of Mirant and its subsidiaries; and (ii) chapter 7 professionals' fees, which also have a priority rank against prepetition creditors. All post-petition payables of the Debtors relate to generating assets assumed to be sold as going-concerns for the purposes of this analysis, and such payables are assumed to be paid in the ordinary course by the purchaser.

Secured Claims: In the normal course of business, the Debtors issue cash collateral and letters of credit on behalf of trading counterparties and other constituencies. The analysis assumes that at the outset of the liquidation period, collateralized counterparties draw on letters of credit and/or permanently take possession of cash collateral, in full or partial satisfaction of their claims against the Debtors. As a result, the trading liabilities contained in this analysis as Third-Party Unsecured Claims reflect only uncollateralized claims, net of L/C draws and cash collateral.

Guaranteed Claims: Certain creditors of Mirant Debtors hold guaranty claims against Mirant. Consistent with the formation of Debtor Groups pursuant to Section 2.1 of the Plan, such creditors receive one claim against Mirant rather than multiple claims against multiple entities. Accordingly, guarantee claims are reflected within Third-Party Unsecured Claims.

Third-Party Unsecured Claims: Third-Party unsecured claims are comprised of the following principle components:

- Unsecured bank debt
- Unsecured capital markets debt
- Third-party accounts payable

- Trading-related claims
- Contract rejection claims
- Intercompany claims
- Obligations under equipment lease financings
- Obligations under plant and property lease financings
- Guarantee Claims

The analysis assumes that certain collateralized claimants draw on letters of credit at the outset of the liquidation period. Such draws on letters of credit effectively increase the total unsecured bank debt claims and decrease other unsecured claims in the amount of the drawn letters of credit. The Subordinated Notes are reflected as Third-Party Unsecured Claims.

PEPCO PPA Liability:[1] The Liquidation Analysis assumes that MAEM would be subject to an unsecured claim in connection with its alleged obligations under the Back-to-Back agreement.

(iv) Intercompany Relationships

Pari Passu Treatment of Intercompany Claims: Unsecured intercompany claims against Mirant and its affiliates have been treated pari passu with third party claims. Intercompany claims are classified as either postpetition or prepetition depending on the nature of the claim. Postpetition intercompany claims receive priority status and thus rank ahead of prepetition third party and intercompany unsecured claims. There can be no assurances that creditors would not seek to subordinate intercompany claims.

Netting of Intercompany Claims: Unless otherwise noted, prepetition intercompany claims between Debtor entities that are treated as comprising a single estate pursuant to Section 2.1 of the Plan have been netted for purposes of calculating recoveries (i.e., there are no intercompany claims within the Mirant Debtor Group and the MAG Debtor Group). However, there exist intercompany claims between Mirant and MAG. Such claims have not been netted, with the result that Mirant Corp owes MAG $487,000,000 in prepetition claims and $67,000,000 in postpetition claims. MAG owes Mirant Corp $135,000,000 in prepetition claims and $72,000,000 in postpetition claims.

(v) Chapter 7 Fees and Expenses

Corporate Overhead: In order to maximize collections on remaining assets, minimize the amount of asserted claims and generally ensure an orderly liquidation, substantial ongoing personnel would be required at both Mirant and MAEM. Accordingly, wind-down costs consist of the regularly occurring general and administrative costs required to operate the wound-down entities. It is assumed that Mirant headcount would be reduced to zero from the current levels over a two year period and that MAEM headcount would require approximately twelve months. The costs associated with this corporate overhead reduce value available to creditors.

Chapter 7 Trustee Fees: Trustee fees are calculated based on the statutory escalating scale set forth in the section 326 of the Bankruptcy Code, which provides for fees equal to 25.0% of the first $5,000 of proceeds, 10.0% of the next $45,000 of proceeds, 5.0% of the next $950,000 of proceeds, and 3.0% for all proceeds in excess of $1,000,000. It is also assumed that the liquidation of the generating assets would require the retention of outside legal and investment banking firms generating fees estimated at 2.0% of sales proceeds. Therefore, total trustee fees used in the Liquidation Analysis were 5% of sales proceeds.

[1] Pepco and SMECO requested modifications to the following section that the Debtors find objectionable. For the full text of Pepco's and SMECO's alternative language, see Exhibit E.

D. Comparison of Creditor Recoveries Under the Plan to a Hypothetical Chapter 7 Liquidation

Mirant Debtors

	Recovery in Liquidation
Mirant Debtor Class 1 — Priority Claims	100.0%
Mirant Debtor Class 2 — Secured Claims	100.0%
Mirant Debtor Class 3 — Unsecured Claims	37.2%
Mirant Debtor Class 4 — Convenience Claims	37.2%
Mirant Debtor Class 5 — Equity Claims	0%

MAG Debtors

	Recovery in Liquidation
MAG Debtor Class 1 — Priority Claims	100.0%
MAG Debtor Class 2 — Secured Claims	100.0%
MAG Debtor Class 3 — New York Taxing Authorities Secured Claims	N/A
MAG Debtor Class 4 — PG&E/RMR Claims	100.0%
MAG Debtor Class 5 — Unsecured Claims	38.4%
MAG Debtor Class 6 — MAG Long-term Note Claims	38.4%
MAG Debtor Class 7 — Convenience Claims	38.4%
MAG Debtor Class 8 — Equity Claims	0%

Liquidation Analysis Summary

Mirant Debtors

Claim	Amount	Value	Recovery
	($ in millions)		
Secured Claims	$ 13	$ 13	100.0%
Total Secured Claims	13	13	100.0%
Administrative Claims	33	33	100.0%
Total Administrative Claims	33	33	100.0%
Third-Party Priority Claims	9	9	100.0%
Postpetition Intercompany Claims	67	67	100.0%
Total Priority Claims	76	76	100.0%
Third-Party Unsecured Claims	6,374	2,369	37.2%
Prepetition Intercompany Claims	487	181	37.2%
Total Unsecured Claims	6,862	2,550	37.2%
Total	$6,983	$2,672	

MAG Debtors

Claim	Amount	Value	Recovery
Secured Claims	$ 40	$ 40	100.0%
Total Secured Claims	40	40	100.0%
Administrative Claims	5	5	100.0%
Total Administrative Claims	5	5	100.0%
Third-Party Priority Claims	6	6	100.0%
Postpetition Intercompany Claims	72	72	100.0%
Total Priority Claims	78	78	100.0%
Third-Party Unsecured Claims	3,655	1,402	38.4%
Prepetition Intercompany Claims	135	52	38.5%
Total Priority Claims	3,790	1,454	38.4%
Total	$3,912	$1,577	

E. Conclusions

The Debtors have determined that confirmation of the plan would provide each holder of claims or interests with a recovery that is not less than such holder would receive pursuant to a liquidation of the Debtors under chapter 7 of the bankruptcy code.

Moreover, the Debtors believe that the value of the distributions from the liquidation proceeds to each class of allowed claims in a chapter 7 case may not occur for a substantial period of time. In this regard, it is possible that a distribution of the proceeds of the liquidation could be delayed for one year or more after the completion of such liquidation in order to resolve the claims and prepare for distributions. In the event litigation were necessary to resolve claims asserted in the chapter 7 cases, the delay could be further prolonged and administrative expenses further increased. THE EFFECTS OF THIS DELAY ON THE VALUE OF DISTRIBUTIONS UNDER THE HYPOTHETICAL LIQUIDATION HAVE NOT BEEN CONSIDERED.

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. Underlying the Liquidation Analysis are a number of estimates and assumptions that are inherently subject to significant economic, competitive and operation uncertainties and contingencies beyond the control of the Debtors or a chapter 7 trustee. Additionally, various liquidation decisions upon which certain assumptions are based are subject to change. Therefore, there can be no assurance that the assumptions and estimates employed in determining the liquidation values of the Debtors' assets will result in the proceeds that would be realized were the Debtors to undergo an actual liquidation. The actual amounts of allowed claims against the Debtors could vary significantly from the Debtors' estimate, depending on the claims asserted during the pendency of the chapter 7 case. This Liquidation Analysis does not include liabilities that may arise as a result of potential litigation, certain new tax assessments or other potential claims. This Liquidation Analysis also does not include potential recoveries from avoidance actions. Therefore, the actual liquidation value of the Debtors could vary materially from the estimates provided herein.