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PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

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

In re)	
)	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,)	
)	Case No. 03-46590 (DML)
Debtors.)	Jointly Administered
)	
)	Hearing Date: August 13, 2003
)	Hearing Time: 10:30 a.m.

**MOTION OF THE DEBTORS PURSUANT TO 11 U.S.C. § 363
FOR ENTRY OF A FINAL ORDER AUTHORIZING THE EMPLOYMENT
OF AP SERVICES, LLC AS CRISIS MANAGERS TO THE
DEBTORS AND THEREBY DESIGNATE ROBERT DANGREMOND
AS CHIEF RESTRUCTURING OFFICER OF THE DEBTORS**

A HEARING WILL BE CONDUCTED ON THIS
MATTER ON WEDNESDAY, AUGUST 13, 2003 AT
10:30 A.M. BEFORE THE HONORABLE D. MICHAEL
LYNN, UNITED STATES COURTHOUSE, 501 W.
TENTH STREET, FORT WORTH, TEXAS. IF YOU
OBJECT TO THE RELIEF REQUESTED, YOU MUST
RESPOND IN WRITING, SPECIFICALLY
ANSWERING EACH PARAGRAPH OF THIS
PLEADING. UNLESS OTHERWISE DIRECTED BY
THE COURT, YOU MUST FILE YOUR RESPONSE
WITH THE CLERK OF THE BANKRUPTCY COURT

WITHIN TWENTY DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

TO THE HONORABLE BANKRUPTCY JUDGE:

Mirant Corporation (“Mirant”) and its affiliated debtors (collectively, the “Debtors”) hereby apply to the Court for the entry of an order authorizing the Debtors’ employment of AP Services, LLC (“APS”) to provide certain temporary employees to the Debtors in these cases to assist them in their restructuring as more fully described below, pursuant to section 363 of the Bankruptcy Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”). In support of this Motion, the Debtors respectfully state as follows:

BACKGROUND

1. The Cases. On July 14 and 15, 2003, Mirant Corporation and seventy-four of its affiliates filed voluntary petitions in this court for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended (the “Bankruptcy Code”). The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. The United States Trustee has not appointed a creditors’ committee in these cases. Further, no trustee or examiner has been requested or appointed in any of the Debtors’ chapter 11 cases.

3. The Debtors are currently managing their financial affairs and business operations as debtors in possession under Bankruptcy Code sections 1107 and 1108. No

trustee or examiner has been requested or appointed in any of the Debtors' chapter 11 cases. The Court has ordered the joint administration of the bankruptcy estates of the Debtors.

RELIEF REQUESTED

4. By this Motion, the Debtors seek to employ APS to provide certain temporary employees (the "Temporary Employees") to the Debtors to assist them in their restructuring in these chapter 11 cases, pursuant to section 363 of the Bankruptcy Code, on the terms set forth herein and in the engagement letter between Debtors and APS dated July 14, 2003 (the "Engagement Letter"). A copy of the Engagement Letter is attached hereto as Exhibit A and incorporated herein by reference.

5. Pursuant to the Engagement Letter, APS will provide Robert Dangremond as its representative to serve as Chief Restructuring Officer of the Debtors (the "Officer"). In this capacity, the Officer will assist the Debtors in their operations with an objective of restructuring the Debtors, and manage the Debtors' restructuring efforts, including negotiating with parties in interest, and coordinating the "working group" of the Debtors' employees and external professionals who are assisting the Debtors in the restructuring. The Officer is assisted by a staff of Temporary Employees provided through APS at various levels, all of whom had a wide range of skills and abilities related to this type of assignment.

6. The Officer is well-suited to provide the restructuring services required by the Debtors. The Officer is affiliated with the restructuring firm AlixPartners, LLC ("AlixPartners"), a leading corporate restructuring advisor, which has a wealth of

experience in providing services in chapter 11 cases and has an excellent reputation for the services it has rendered on behalf of debtors in cases throughout the United States. Since its inception in 1981, AlixPartners has provided restructuring services in numerous large cases, including most recently: In re Kmart Corporation, Case No. 02-02474 (SPS)(Bankr. N.D.Ill 2002); In re WorldCom, Inc., Case No. 02-13533 (AJG)(Bankr. S.D.N.Y. 2002); In re Fleming Companies, Inc., Case No. 03-10945 (MFW)(Bankr. D. Del. 2003).

COMPENSATION TERMS

7. APS and the Debtors have entered into the Engagement Letter to govern the relationship between them. By the Engagement Letter, APS has agreed to provide interim senior management and a staff of Temporary Employees at various levels, all of whom have a wide range of skills and abilities related to this type of assignment. According to the terms of the Engagement Letter, the Officer and the Temporary Employees who will assist the Officer will be compensated at the following hourly rates:

- | | |
|--------------------------------|---------------|
| a. Principals | \$420 - \$670 |
| b. Senior Associates | \$325 - \$495 |
| c. Associates | \$275 - \$390 |
| d. Accountants and Consultants | \$225 - \$280 |
| e. Analysts | \$150 - \$180 |
| f. Paraprofessionals | \$105 - \$110 |

8. These hourly billing rates were implemented in 2003 and, in accordance with the normal billing practices of APS, will be reviewed and revised as of January 1 of each year.

9. In addition to the hourly rates set forth above, the Debtors shall pay directly or reimburse APS upon receipt of periodic billings, for all reasonable out-of-pocket expenses incurred in connection with this assignment such as travel, lodging, postage and a communication charge to cover telephone and facsimile charges that is calculated at \$4 per billable hour of time worked on behalf of the Debtors.

10. APS received a retainer of \$750,000 under the Engagement Letter to be applied against the compensation, including expenses, specific to the engagement. APS will hold this retainer for application in accordance with the Engagement Letter. Any unearned portion of the retainer will be returned to the Debtors upon the termination of the engagement.

11. In addition to the above-listed fees and expenses, APS will be compensated for its efforts by the payment of a success fee (the "Success Fee"). A Success Fee of \$5 million will be due based upon confirmation of a Plan of Reorganization or upon the closing of a sale of a majority of the assets of the Debtors.

12. The Debtors understand and acknowledge that the Success Fee is an integral part of APS' compensation.

13. APS acknowledges that the Success Fee is not payable if APS is terminated for cause or if there is a conversion of the case, and further acknowledges that the Success Fee is subject to Court approval when earned.

14. Further, the APS Engagement Letter provides that Debtors will provide the Officer with D&O insurance coverage and the Officer will be entitled to the benefit of the most favorable indemnities provided by the Debtors to their officers and directors, whether under the by-laws, certificates of incorporation, by contract or otherwise.

15. APS will file monthly invoices to the Debtors. Debtors will be authorized to pay, in the ordinary course of its business, the amount invoiced by APS for fees and expenses.

16. Because APS is not being employed as a professional under section 327 of the Bankruptcy Code, it will not be submitting quarterly fee applications pursuant to sections 330 and 331 of the Bankruptcy Code. However, on a monthly basis, APS will file a notice of compensation earned and expenses incurred for the previous month with the Court and the U.S. Trustee. Such compensation and expenses shall be subject to Court review only in the event that an objection is filed to the notice within twenty (20) days of service of such notice.

AUTHORITY FOR THE REQUESTED RELIEF

17. Section 363(c) of the Bankruptcy Code authorizes the Debtors to enter into certain transactions and use property of the estate in the ordinary course of business.

18. Arguably, entering into contractual arrangements for the provision of interim management is within the ordinary course of the Debtors' business as contemplated by the Bankruptcy Code. Corporations routinely hire and fire senior executives. The absence of executives capable of achieving a successful reorganization would severely hinder the Debtors' ability to reorganize in an efficient and effective manner.

19. The Debtors are permitted to retain the interim Officer in the ordinary course and to do so pursuant to section 363(b) of the Bankruptcy Code. Bankruptcy Code section 363(b)(1) permits a debtor-in-possession to use property of the estate “other than in the ordinary course of business” after notice and a hearing. The following cases have authorized retention of officers under section 363: In re Iridium Operating LLC, Case Nos. 99-45005 CB (Bankr. S.D.N.Y. 1999); In re Integrated Health Services, Inc., Case No. 00-389 (MFW)(Bankr. D. Del. 2000); In re Bill’s Dollar Stores, Inc., Case No. 01-0435 (PJW)(Bankr. D. Del. 2001); In re Warnaco Group, Inc., Case Nos. 01-41643 (Bankr. S.D.N.Y. 2001); In re Kmart Corporation, Case No. 02-02474 (SPS)(Bankr. N.D.Ill 2002); In re WorldCom, Inc., Case No. 02-13533 (AJG)(Bankr. S.D.N.Y. 2002); In re Fleming Companies, Inc., Case No. 03-10945 (MFW)(Bankr. D. Del. 2003); In re LJM2 Co-Investment, L.P., Case No. 02-38335 (SAF)(Bankr. N.D.Tx. 2002)

20. The Debtors request that the court authorize its employment and indemnification of the Officer, and to employ other Temporary Employees, pursuant to the Engagement Letter, outside the ordinary course of business, if the Debtors demonstrate a sound business justification for doing so. In re Lionel Corp., 722 F.2d 1063, 1071 (2d Cir. 1983); In re Delaware Hudson Ry. Co., 124 B.R. 169, 179 (Bankr. D. Del. 1991).

21. Once the Debtors articulate a valid business justification, “the business judgment rule ‘is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.’” In re Integrated Resources, Inc., 147

B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

22. The business judgment rule has vitality in chapter 11 cases and shields the Debtors' management from judicial second-guessing. In re Integrated Resources, Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)); In re Johns-Manville Corp., 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“The Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a Debtors’ management decisions.”).

23. The Officer is clearly qualified for the positions for which he is being employed. The Debtors have determined that the terms of the Engagement Letter are within the range of those for senior executive officers employed with companies of comparable size, value and reputation. Accordingly, the Debtors’ decision to enter into the Engagement Letter reflects an exercise of the Debtors’ sound business judgment.

NOTICE

24. Notice of this Motion has been given in accordance with the Order Granting Complex Chapter 11 Bankruptcy Case Treatment.

NO PRIOR REQUEST

25. No prior request for the relief sought in this Motion has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an order authorizing the employment of AP Services, LLC to provide certain temporary employees as crisis managers to the Debtors and thereby designate Robert Dangremond as Chief Restructuring Officer of the Debtors and an order granting the Debtors such other and further relief as is just and proper.

Dated: Fort Worth, Texas
July 18, 2003

HAYNES AND BOONE, LLP
901 Main Street
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(214) 651-5000

By: /s/ Ian T. Peck
Robin Phelan
State Bar No. 15903000
Judith Elkin
State Bar No. 06522200
Ian Peck
State Bar No. 24013306

-and-

Thomas E Lauria
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PROPOSED ATTORNEYS FOR THE
DEBTORS AND DEBTORS-IN-
POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he has authorized BSI as service agent to cause to serve a true and correct copy of the foregoing Motion upon all parties on the attached service list via United States first class mail, postage prepaid, on the 18th day of July, 2003 in accordance with the Federal Rules of Bankruptcy Procedure.

/s/ Ian T. Peck

AP Services LLC

Detroit New York Chicago Dallas

July 14, 2003

Ms. Marce Fuller
President and Chief Executive Officer
Mirant Corporation
1155 Perimeter Center West
Atlanta, GA 30338-5416

Re: Interim Management and Restructuring Services

Dear Ms. Fuller:

This letter outlines the understanding ("Agreement") between AP Services, LLC, a Michigan limited liability company, ("APS") and Mirant Corporation and its affiliates (the "Company" or "Debtors"), for the engagement of APS to provide certain temporary employees to the Company to assist it in its restructuring as described below.

The Company agrees and acknowledges that its agreement with APS' Affiliate, AlixPartners, LLC, dated April 9, 2003 and amended May 5, 2003 has been satisfactorily completed.

All defined terms shall, unless the context otherwise requires, have the meanings ascribed to them in Schedule 1 ("Definitions and Interpretation").

Generally, the engagement of APS, including any APS employees who serve in Executive Officer positions, shall be under the approval of the Board of Directors of the Company and the direct supervision of you as President and Chief Executive Officer.

OBJECTIVE AND TASKS

APS will provide Robert N. Dangremond to serve as the Company's Chief Restructuring Officer ("CRO"), reporting to the Company's President and Chief Executive Officer. Working collaboratively with the senior management team, the Board of Directors and Company professionals, Mr. Dangremond will assist the Company in evaluating and implementing strategic and tactical options through the restructuring process. In addition to the ordinary course duties of CRO, the Temporary Staff roles will include working with you and your team to do the following:

- Manage the "working group" professionals who are assisting the Company in the reorganization process, or who are working for the Company's various stakeholders, to improve coordination of their effort and individual work product to be consistent with the Company's overall restructuring goals.

2000 Town Center | Suite 2400 | Southfield, MI | 48075 | 248.358.4420 | 248.358.1969 fax | www.alixpartners.com



Ms. Marce Fuller

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- Assist the Company in implementing a rolling 13-week cash receipts and disbursements forecasting tool to provide on-time information related to the Company's liquidity. This task would also entail implementing an actual-to-forecast variance reporting process. Additionally, assist the Company with other Treasury-related support as requested.
- Assist the Company in the ongoing development of overall strategic and business plans including analyzing alternative strategic plans and exit strategies.
- Assist the Company in other business and financial aspects of a Chapter 11 proceeding, including, but not limited to, development of a Disclosure Statement and Plan of Reorganization.
- Assist Company's management and its professionals specifically assigned to sourcing, negotiating and implementing any financing, including DIP and exit financing facilities, in conjunction with the Plan of Reorganization and the overall restructuring.
- Analyze performance improvement and cash enhancement opportunities, including assisting with cost reduction improvement initiatives, plant operational improvement initiatives, accounts receivable management and accounts payable process improvement opportunities.
- Assist the Company and its professionals with the analysis and negotiation of the divestiture of any non-core assets or business lines in conjunction with considering other strategic alternatives including evaluation of possible rejection of out-of-market contracts.
- Assist management with assessing organizational and operational structure of the company and work with the Company regarding potential changes and efficiencies.
- Assist with the preparation of the statement of financial affairs, schedules and other regular reports required by the Bankruptcy Court.
- Establish a process to monitor intercompany transactions and activity.
- Manage the claims and claims reconciliation processes.
- Oversee the communications and/or negotiations with outside constituents, stakeholders and their representatives.
- Review the Company's information systems capabilities and make recommendations regarding cost savings and/or downsizing initiatives as requested.

Ms. Marce Fuller

July 14, 2003

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- Assist with providing testimony before the Bankruptcy Court on matters that are within our areas of expertise.
- Assist with such other matters as may be requested that fall within our expertise and that are mutually agreeable.

STAFFING

APS will provide the individuals set forth on Exhibit A, herein referred to as the temporary employees ("Temporary Staff"), subject to the terms and conditions of this Agreement, with the titles, pay rates, and other descriptions set forth therein.

We will keep you informed as to our staffing and will not add additional Temporary Staff to the assignment without first consulting with you or your designee to obtain your concurrence that such additional resources are required and do not duplicate the activities of other employees or professionals. The Temporary Staff may be assisted by other personnel at various levels, as the tasks require, who would also become Temporary Staff.

FEES AND RETAINER

APS shall be compensated for its Services under this Agreement at the rates set forth on Schedule 2.

We will commence this engagement immediately upon receipt of a signed engagement letter and retainer. We will require a retainer of \$750,000 to be applied against the time charges and expenses specific to the engagement and in accordance with Section 2 of the attached General Terms and Conditions. We acknowledge that the Company paid a retainer of \$550,000 to APS' Affiliate, AlixPartners, LLC, and such retainer will be transferred to APS effective July 14, 2003.

* * *

The Company agrees that it will promptly apply to the Bankruptcy Court to obtain approval of our retention and retainer nunc pro tunc to the date of the filing.

The terms and conditions set out in the attached Schedules and the General Terms and Conditions form part of and are incorporated by reference herein to this Agreement.

AP Services LLC

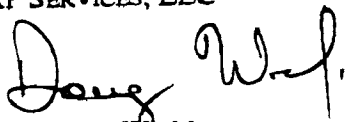
Ms. Marce Fuller
July 14, 2003
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If these terms meet with your approval, please sign and return the enclosed copy of this Agreement and wire transfer the amount to establish the retainer.

We look forward to working with you.

Sincerely yours,

AP SERVICES, LLC




Douglas C. Werking
Principal

Acknowledged and Agreed to:

MIRANT CORPORATION

By:



Its:

PRESIDENT + CEO

Dated:

7/18/03

**AP Services, LLC
Employment by Mirant Corporation**

Exhibit A

**Temporary Employees
Individuals With Executive Officer Positions**

Name	Description	Hourly Rate	Commitment Full ¹ or Part Time
Robert N. Dangremond	Chief Restructuring Officer	\$ 640	Part Time

Additional Temporary Employees

Name	General Description	Hourly Rate	Commitment Full ¹ or Part Time
Bettina M. Whyte	Senior Bankruptcy Manager	\$ 640	Part Time
Douglas C. Werking	Overall Engagement Responsibility	\$ 570	Full Time
John Castellano	Manager, Business Plan Cash	\$ 440	Full Time
Deborah Rieger-Paganis	Manager, Working Capital Improvements	\$ 440	Full Time
Meade A. Monger	Manager, Claims and Claims Reconciliation	\$ 540	Part Time
Afshin Azhari	Bankruptcy management	\$ 250	Part Time
Ryan Dalton	Bankruptcy management	\$ 180	Full Time
Kerri Hook	Bankruptcy management	\$ 320	Full Time
Drew Lockard	Bankruptcy management	\$ 180	Full Time
Jeannie Tang	Bankruptcy management	\$ 320	Part Time
John Sordillo	Manager, Intercompany Trans.	\$ 470	Full Time

¹ Full time is defined as substantially full time.

SCHEDULE 1

DEFINITIONS AND INTERPRETATION

Affiliate	Affiliates of APS include AlixPartners, LLC, AlixPartners Ltd., AlixPartners GmbH and AlixPartners S.r.l., which are financial advisory and consulting firms, The System Advisory Group, providing information technology services, Partnership Services, LLC, a company that provides temporary employees, and the Questor funds, which are private equity funds that invest in special situations and under-performing companies;
Agreement	the terms and conditions set out in this letter;
Break Fee	the break fee (if any) payable by the Company in accordance with Schedule 2;
Confidential Information	<p>all written information and materials which are marked confidential or which are by their nature clearly confidential obtained under or in connection with this Agreement other than:</p> <ul style="list-style-type: none">- any information which is already in the public domain otherwise than as a result of a breach of this Agreement;- any information which was rightfully in the possession of a Party prior to the disclosure by the other Party and acquired from sources other than the other Party; or- any information obtained from a third party who is free to divulge such information;
Expenses	costs and expenses which are incurred by APS, its affiliates and their respective personnel in the performance of the Services, as more particularly described in Schedule 2;
Fees	the fees payable by the Company to APS in accordance with Schedule 2 which, where the context requires, shall include the Break Fee and/or the Success Fee, as the case may be;
General Terms and Conditions	the terms and conditions attached to and forming part of this Agreement;
Party or Parties	a party or the parties to this Agreement (as the case may be);

Personnel	directors, officers, employees, agents, contractors and sub-contractors;
Retainer	such advance payment on account of Fees and Expenses as APS shall request from the Company from time to time;
Schedules	the schedules attached to and forming part of this Agreement, as such schedules may be amended from time to time in accordance with this Agreement;
Services	the services to be provided by APS under this Agreement;
Success Fee	the success fee payable by the Company to APS, as more particularly described in Schedule 2;
Termination Date	the date on which this Agreement shall terminate;

SCHEDULE 2

FEES AND EXPENSES

1. Hourly Fees

Our fees will be based on the hours charged at our hourly rates, which are:

Principals	\$420 - \$670
Senior Associates	\$325 - \$495
Associates	\$275 - \$390
Accountants and Consultants	\$225 - \$280
Analysts	\$150 - \$180
Paraprofessionals	\$105 - \$110

2. Success Fee

In addition to hourly fees, APS will be compensated for its efforts by the payment of a "Success Fee." The Company understands and acknowledges that the Success Fee is an integral part of APS' compensation for the engagement.

A Success Fee of \$5 million will be due based upon confirmation of a Plan of Reorganization excluding a pre-packaged Chapter 11 filing or upon the closing of a sale of a majority of the assets of the Company.

3. Expenses

In addition to the fees set forth above, the Company shall pay directly or reimburse APS upon receipt of periodic billings, for all reasonable out-of-pocket expenses incurred in connection with this assignment such as travel, lodging, postage, and a communication charge to cover telephone and facsimile charges that is calculated at \$4 per billable hour of time worked on behalf of the Company.

SCHEDULE 3

DISCLOSURES

To the best of our knowledge, we believe that APS, its employees, and its' affiliates do not have any financial interest or business connection with the Company other than as contemplated by this agreement, and we know of no fact or situation that would represent a conflict of interest for us with regard to the Company. However, we wish to disclose the following:

- Questor Partners Fund, L.P. (“QPF”) and Questor Partners Fund II, L.P. (“QPF II”), a \$300 million fund and an \$865 million fund, respectively, are private equity funds that invest in special situations and under-performing companies. Neither QPF nor QPF II will make an investment in the Debtors for at least three years after the date that AlixPartners' engagement terminates.
- Mr. Jay Alix, a principal in AlixPartners, is also the President and CEO of Questor Management Company, the entity that manages QPF and QPF II.
- Questor and AlixPartners are separate companies. AlixPartners, pursuant to contract, performs certain accounting and back-room services for Questor. From time to time, Questor hires AlixPartners as a contractor to advise it regarding a potential acquisition, and occasionally investee companies of QPF and QPF II hire AlixPartners. From time to time, employees of AlixPartners are elected to the boards of directors of investee companies of QPF and QPF II, but such employees are not involved in this engagement.
- Mr. Jay Alix owns interests in Questor General Partner, LP (“QGP”) and Questor General Partner II, LP (“QGP II”), the general partners of QPF and QPF II. Mr. Albert Koch, Chairman of AlixPartners, is a limited partner in QGP II, as are the majority of the AlixPartners principals. AlixPartners principals, except for Mr. Alix and Mr. Koch, are passive investors and have no voice in approving Questor's investments.
- Substantially all of the other principals of AlixPartners own limited partnership interests in one or more of the following entities: Questor Side-by-Side Partners, L.P., Questor Side-by-Side Partners II, L.P., and Questor Side-by-Side Partners II 3(c)(1), L.P. AlixPartners principals, except for Mr. Alix and Mr. Koch, are passive investors and have no voice in approving Questor's investments.
- Some of the limited partners of QPF and/or QPF II are affiliates of financial institutions that are also lenders to companies that may have retained AlixPartners. The affiliates of such financial institutions are passive investors in QPF and QPF II and have no voice in approving Questor's investments. Where such situations occur, the lending relationship and investment in QPF and/or QPF II is detailed in AlixPartners' disclosures.
- QPF, QPF II, Questor Side-by-Side Partners, L.P., Questor Side-by-Side Partners II, L.P., and Questor Side-by-Side Partners II 3(c)(1), L.P. are all related entities. The Side-by-Side funds contain, in the aggregate, 6.3% of the total Questor funds, which are in excess of \$1.17 billion.

- ABN-AMRO, a lender to the Debtors, is a current client of AlixPartners through AlixPartners work for a bank group in matters unrelated to the Debtors. Other ABN-AMRO affiliated entities are lenders, bondholders, creditors and client professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, ABN-AMRO previously employed a current AlixPartners employee.
- Allstate, a lender to the Debtors, is a former adverse party to an AlixPartners client, a lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors and previously employed a current AlixPartners employee.
- ANZ, a lender to the Debtors, is a bondholder to a current APS client, a lender to former AlixPartners clients and previously employed a current AlixPartners employee.
- Bank of America, a lender, creditor and indenture trustee to the Debtors, is a current and former client of AlixPartners as well as a lender and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Bank of Montreal, a lender to the Debtors, is a current client of AlixPartners through AlixPartners' work for a bank group as well as a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors
- Bank of New York, a creditor of the Debtors, is a lender, bondholder, indenture trustee and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Bank of New York previously employed several current AlixPartners employees.
- Bank of Nova Scotia, a lender and creditor of the Debtors, is a former AlixPartners client through AlixPartners work for a bank group as well as a creditor, lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Bank of Nova Scotia is a lender to a Questor portfolio company.
- Bank of Tokyo-Mitsubishi, a lender and creditor of the Debtors, is a lender, lessor, creditor and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Bank One, a lender and creditor of the Debtors, is a current AlixPartners client in matters unrelated to the Debtors and provides commercial banking services to AlixPartners. Also, Bank One previously employed an AlixPartners employee and is a lender to certain other current or former AlixPartners clients in matters unrelated to the Debtors
- Bankers Trust, an indenture trustee of the Debtors, is a lender, creditor, limited partner and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.

- Barclays, a lender, creditor and bondholder of the Debtors, is affiliated with an entity that is a current client of AlixPartners through AlixPartners work for a bank group in matters unrelated to the Debtors. Other Barclays affiliated entities are lenders, bondholders, shareholders, and adverse parties to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, an affiliate of Barclays is a lender to a Questor portfolio company.
- Bayerische Landesbank, a lender, creditor and indenture trustee of the Debtors, is a creditor and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- BNP Paribas, a lender to the Debtors, is a professional to a current AlixPartners client and is a creditor and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Boston Safe Deposit, a creditor of the Debtors, is a bondholder and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- CIBC, a lender and creditor of the Debtors, is a current client of AlixPartners in matters unrelated to the Debtors. Other CIBC affiliated entities are lenders, bondholders, shareholders and professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Certain Citicorp affiliated entities are lenders, creditors, indenture trustees and bondholders of the Debtors. Other Citicorp affiliated entities are limited partners in QPF and QPF II, lenders to a Questor portfolio company, trustee for a current AlixPartners client as well as creditors, lenders, bondholders and shareholders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Charles River and Associates, a professional services firm retained by the Debtors, is a professional to current and former AlixPartners and/or APS clients including Foster Wheeler.
- Comerica Bank, a bondholder to the Debtors, is a limited partner in QPF and QPF II, and is also a former AlixPartners client in matters unrelated to the Debtors. Comerica is a lender to AlixPartners, to certain other current and former AlixPartners and/or APS clients and to Questor portfolio companies in matters unrelated to the Debtors. Also, Comerica is a lender to Mr. Jay Alix personally, and Mr. Albert Koch maintains a banking relationship with Comerica and an investment account with Comerica Securities.
- Credit Lyonnais, a lender and creditor of the Debtors, is a current AlixPartners client through AlixPartners work for a bank group in matters unrelated to the Debtors. Other Credit Lyonnais affiliated entities are lenders and creditors to current and former AlixPartners and/or APS affiliated entities as well as lender to a Questor portfolio company in matters unrelated to the Debtors.

- Credit Suisse First Boston (“CSFB”), a lender, creditor and indenture trustee of the Debtors, is a current and former client of AlixPartners in matters unrelated to the Debtors. Other CSFB affiliated entities are lenders, creditors, bondholders limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. CSFB is a lender to a Questor portfolio company. Additionally, CSFB previously employed an AlixPartners employee.
- Deloitte & Touche, a professional services firm retained by the Debtors, is affiliated with entities that are vendors to AlixPartners, adverse to a former AlixPartners client, as well as professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Deloitte affiliated entities previously employed several current AlixPartners employees
- Deutsche Bank, a lender and creditor of the Debtors, is affiliated with entities that are shareholders, lenders, indentured trustees, creditors, limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Dresdner Bank affiliated entities are lenders, creditors and indenture trustees to the Debtors. Other Dresdner affiliated entities are former AlixPartners clients through AlixPartners’ work for a bank group as well as lenders, creditors and professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Dresdner Bank previously employed a current AlixPartners employee.
- Ernst & Young, a professional service firm retained by the Debtors, is a former client of AlixPartners, an adverse party to a former AlixPartners client, as well as a creditor and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Ernst & Young previously employed several current AlixPartners employees.
- Fifth Third Bank, a bondholder of the Debtors, is a lender and bondholder of current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- First Union/ Wachovia, a bondholder, creditor and lender to the Debtors, is affiliated with entities that are current and former clients of AlixPartners through AlixPartners’ work for a bank group, a former AlixPartners client as well as a lender, creditor, bondholder, professional, limited partner and significant shareholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Fleet Bank affiliated entities are lenders, creditors and bondholders of the Debtors. Other Fleet affiliated entities are current clients of AlixPartners through AlixPartners’ work for a bank group in matters unrelated to the Debtors. Additionally, Fleet is a counterparty to an executory contract with a current APS client as well as a lender, bondholder, creditor,

indentured trustee and retained professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.

- Foster Wheeler, a vendor to the Debtors, is a current client of APS. Since March 2002, various APS employees have assisted Foster Wheeler with the collection of accounts receivable and the development of financial and organizational business plans. In addition, APS employees serve as Chief Financial Officer and Treasurer of Foster Wheeler. All communications, negotiations, and/or transactions between Foster Wheeler and the Debtors in which APS and its employees will be involved, will take place at arm's length.
- Goldman Sachs, a creditor of the Debtors, is a former client of AlixPartners as well as a lender, bondholder and shareholder to current and former AlixPartners and/or APS affiliated entities in matters unrelated to the Debtors. Additionally, Goldman Sachs previously employed several AlixPartners employees.
- Haynes and Boone, proposed counsel to the Debtors, is a former AlixPartners client through AlixPartners' work for a creditors' committee as well as a professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, AlixPartners previously retained Haynes and Boone in matters unrelated to the Debtors. In addition, Robin Phelan, Debtors' counsel from Haynes and Boone is the father of a current AlixPartners summer intern, Travis Phelan. Travis Phelan is committing his time to another APS client and will not be involved in the Mirant matter.
- IFC, a lender to the Debtors, is a lessor to a current APS client in matters unrelated to the Debtors.
- IntesaBCI, a lender to the Debtors, is a creditor, lender and professional to a current APS client in matters unrelated to the Debtors.
- Investors Bank & Trust, a bondholder of the Debtors is a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- John Hancock, a lender to the Debtors, is a counterparty to an executory contract with a current APS client as well as a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- JP Morgan Chase affiliated entities are lenders and creditors to the Debtors. Other JP Morgan Chase affiliated entities are lenders, shareholders, bondholders limited partners and creditors to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. An entity affiliated with JP Morgan Chase is a limited partner in QPF and QPF II and JP Morgan Partners is a significant shareholder in a QPF portfolio company. Additionally, other JP Morgan Chase affiliated entities previously employed several AlixPartners employees.

- KPMG, a professional service firm retained by the Debtors, is an adverse party to a former AlixPartners client and a professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, KPMG previously employed several AlixPartners employees.
- Lehman, a lender and creditor of the Debtors, is an investment banker to current APS clients, former clients of AlixPartners through AlixPartners work for a bank group as well as bondholders, shareholders and lenders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Lehman Brothers previously employed a current AlixPartners employee.
- Lloyds Bank, a lender to the Debtors, is a creditor, lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Mellon Bank, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a lender, indenture trustee, creditor, and shareholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Merrill Lynch, a bondholder and creditor of the Debtors, is affiliated with several entities that are former clients of AlixPartners, as well as lenders, bondholders, shareholders limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Merrill Lynch Asset Management is a lender to a Questor portfolio company. Additionally, Merrill Lynch previously employed a current AlixPartners client in matters unrelated to the Debtors.
- Mizuho, a lender and creditor of the Debtors, is a lender and professional to current APS clients in matters unrelated to the Debtors.
- Neuberger Berman, a creditor of the Debtors, is a bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- New York Life, a lender to the Debtors, is a bondholder, lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Northern Trust Company, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a bondholder and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- PNC Bank, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as well as a bondholder, lender, shareholder and creditor of current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- PricewaterhouseCoopers ("PwC"), a professional service firm retained by the Debtors, is an adverse party to current and former AlixPartners clients, a former AlixPartners client and a professional to current and former AlixPartners and/or APS clients in matters unrelated to the

Debtors. PwC is also the auditor for the Questor funds and previously employed several AlixPartners employees.

- Royal Bank of Scotland, a lender and creditor of the Debtors, is a lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- SG Cowen and Societe Generale, bondholders and lenders of the Debtors, are former clients of AlixPartners, as well as bondholders and lenders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- State Street Bank, a bondholder and creditor of the Debtors, is a lender, bondholder, shareholder, vendor, creditor and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Suntrust, a lender of the Debtors, is a lender, creditor and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Toyo Trust Company, a bondholder of the Debtors, is a lender, bondholder and vendor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Union Bank of California, a creditor and bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- US Bank/Mercantile, bondholder and creditor of the Debtors, is a lender, bondholder and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Wells Fargo Bank, bondholder and creditor of the Debtors, is a client of AlixPartners and a former client of AlixPartners through AlixPartners' work for a bank group in matters unrelated to the Debtors. Other Wells Fargo affiliated entities are lenders, creditors, lessors, bondholders, indentured trustees and vendors to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Westdeutsche Landesbank, a lender and creditor of the Debtors, is a lender and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- White & Case, proposed counsel to the Debtors, is a professional to current and former AlixPartners and/or APS clients including Foster Wheeler.

The Parties agree that this Schedule 3 may be updated from time to time to disclose additional connections or relationships between APS and the interested parties.

AP SERVICES, LLC

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions ("Terms") shall govern the services provided by AP Services, LLC ("APS") as set forth in the letter agreement executed by the Company and APS to which these Terms are attached.

Section 1. Company Responsibilities

Company will undertake responsibilities as set forth below:

1. Provide reliable and accurate detailed information, materials, documentation, and
2. Make decisions and take future actions, as the Company determines in its sole discretion, on any recommendations made by APS in connection with the tasks or deliverables under this Agreement.

APS' delivery of the services and the fees charged are dependent on (i) Company's timely and effective completion of its responsibilities; and (ii) timely decisions and approvals made by the Company's management. Company shall be responsible for any delays, additional costs, or other deficiencies caused by not completing its responsibilities.

Section 2. Timing, Fees, and Expenses.

The engagement will commence immediately upon receipt of a signed engagement letter and a retainer.

Hourly Fees. For purposes of monthly billings, our fees will be based on the hours charged at our hourly rates as set forth in the letter agreement. We review and revise our hourly billing rates effective January 1 of each year.

Success Fees. As described in the attached agreement.

Out-of-Pocket Expenses. In addition to hourly fees as defined in the letter agreement, the Company shall pay directly or reimburse APS upon receipt of periodic billings for all reasonable out-of-pocket expenses incurred in connection with this assignment.

Retainer. We require a retainer to be applied against the time charges and expenses specific to the engagement. We will submit monthly invoices for services rendered and expenses incurred as described above, and will offset such invoices against the retainer. Payment will be due upon receipt of the invoices to replenish the retainer to the agreed-upon amount. Any unearned portion of the retainer will be returned to you at the termination of the engagement.

Section 3. Relationship of the Parties.

The parties intend that an independent contractor relationship will be created by this agreement. As an independent contractor, APS will have complete and exclusive charge of the management and operation of its business, including hiring and paying the wages and other compensation of all its employees and agents, and paying all bills, expenses and other charges incurred or payable with respect to the operation of its business. Of course, as an independent contractor, neither the Temporary Staff nor APS will be entitled to receive from the Company any vacation pay, sick leave, retirement, pension, or social security benefits, workers' compensation, disability, unemployment insurance benefits, or any other employee benefits. APS will be responsible for all employment, withholding, income and other taxes incurred in connection with the operation and conduct of its business. Temporary Staff will not be considered employees of the Company except for purposes of this agreement.

The Company agrees to promptly notify APS if it extends (or solicits the possible interest in receiving) an offer of employment to an employee of APS and agrees that it will pay APS a cash fee, upon hiring, equal to 150% of the aggregate first year's annualized compensation, including any other compensation, to be paid to any person working for the Company on behalf of APS that the Company or any of its subsidiaries or affiliates hires at any time up to two years subsequent to the date of the final invoice rendered by APS with respect to this engagement. This agreement does not prohibit the Company from making general solicitations for employment or from soliciting for employment any individuals who have ceased to be employees or agents of APS prior to such solicitation.

Section 4. Confidentiality.

APS agrees to keep confidential all Confidential Information obtained from the Company, and neither APS nor the Temporary Staff will disclose to any other person or entity, or use for any purpose other than specified herein, any information pertaining to the Company which is either non-public, confidential, or proprietary in nature that it obtains or is given access to during the performance of the services provided hereunder. The foregoing is not intended to nor shall be construed as prohibiting APS or the Temporary Staff from disclosure pursuant to a valid subpoena or court order, but neither APS nor such Temporary Staff shall encourage, suggest, invite or request, or assist in securing, any such subpoena or court order, and the Temporary Staff shall immediately give notice of any such subpoena or court order by fax transmission to the Company. Furthermore, APS and the Temporary Staff may make reasonable disclosures of Confidential Information to third parties in connection with their performance of their obligations and assignments hereunder provided that such third party is subject to a confidentiality agreement in a form satisfactory to the Company (except to the extent that such disclosure takes place in the context of discussions with the Creditors' Committee in the bankruptcy proceeding). In addition, APS will have the right to disclose to others in the normal course of business their involvement with the Company.

Information includes data, plans, reports, schedules, drawings, accounts, records, calculations, specifications, flow sheets, computer programs, source or object codes, results, models, or any work product relating to the business of the Company, its subsidiaries, distributors, affiliates, vendors, customers, employees, contractors and consultants.

The Company acknowledges that all information (written or oral) generated by the Temporary Staff in connection with their engagement is intended solely for the benefit and use of the Company (limited to its management, including its Board of Directors) in considering the transactions to which it relates. The Company agrees that no such information shall be used for any other purpose or reproduced, disseminated, quoted or referred to with attribution to APS at any time in any manner or for any purpose other than accomplishing the tasks referred to herein, without APS' prior approval (which shall not be unreasonably withheld) except as required by law.

Section 5. Intellectual Property.

Except for those methodologies, processes techniques, ideas, concepts and know-how developed independently by APS or supplied in connection with this agreement and prior to this agreement (collectively known as "APS' Work Product"), Company shall retain all right, title, and interest in and to: (i) the

AP SERVICES, LLC

GENERAL TERMS AND CONDITIONS

deliverables, including but not limited to, all patent, copyright, trademark, and other intellectual property rights therein; and (ii) all methodologies, processes, techniques, ideas, concepts, and know-how embodied in the deliverables, (together "the Deliverables"). APS hereby transfers and assigns to Company all right, title, and interest that APS may have in the Deliverables and all intellectual property rights therein. Company may, solely for its internal business purposes, use, copy, distribute internally, and modify the Deliverables described under the letter agreement. The Company shall not, without APS' prior written consent (which shall not be unreasonably withheld), disclose to a third party, publicly quote, or make reference to the Deliverables. Subject to the confidentiality restrictions contained in Section 4, APS may use the Deliverables and APS Work Product for any purpose.

Section 6. Framework of the Engagement.

The Company acknowledges that it is hiring the Temporary Staff purely to assist the Company and its Board of Directors in the management and restructuring of the Company. This engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting or consulting engagement that is subject to the rules of the AICPA, the SSCS, or other such state and national professional bodies.

Section 7. Indemnification

In engagements of this nature, it is our practice to receive indemnification. Accordingly, in consideration of our agreement to act on your behalf in connection with this engagement, you agree to indemnify, hold harmless, and defend us (including our principals, employees, Temporary Staff and agents) from and against all claims, liabilities, losses, damages and reasonable expenses as they are incurred, including reasonable legal fees and disbursements of counsel, and the costs of our professional time (our professional time will be reimbursed at our rates in effect when such future time is required), relating to or arising out of the engagement, including any legal proceeding in which we may be required or agree to participate but in which we are not a party. We, our principals, employees, Temporary Staff and agents may, but are not required to, engage a single firm of separate counsel of our choice in connection with any of the matters to which this indemnification agreement relates. This indemnification agreement does not apply to actions taken or omitted to be taken by us in bad faith.

In addition to the above indemnification, APS employees serving as officers of the Company will be entitled to the benefit of the most favorable indemnities provided by the Company to its officers and directors, whether under the Company's by-laws, certificates of incorporation, by contract or otherwise. In the event that other APS employees become officers of the Company, such individuals will be entitled to the same benefit.

The Company agrees that it will use its best efforts to specifically include and cover APS employees serving as officers of the Company under the Company's policy for directors' and officers' ("D&O") insurance. In the event that the Company is unable to include APS appointees under the Company's policy or does not have first dollar coverage as outlined in the preceding paragraph in effect for at least \$10 million, (e.g., such policy is not reserved based on actions that have been or are expected to be filed against officers and directors alleging prior acts that may give rise to a claim), it is agreed that APS will attempt to purchase a separate D&O policy that will cover its employees and agents only and that the cost of same shall be invoiced to the Company as an out of pocket cash expense. If APS is unable to purchase such D&O insurance, then we reserve the right to terminate this agreement. In the event that other Temporary

Staff become officers of the Company, such individuals will be entitled to the same benefit. The obligations of the parties as reflected herein shall survive the termination of the engagement.

Section 8. Disclosures.

We know of no fact or situation, other than those disclosed in Schedule 3, which would represent a conflict of interest for us with regard to the Company.

While we are not aware of any relationships, other than those disclosed in Schedule 3, that connect us to any party in interest, because APS is a consulting firm that serves clients on a national basis in numerous cases, it is possible that APS may have rendered services to or have business associations with other entities which had or have relationships with the Company. APS has not and will not represent the interests of any of these aforementioned entities in this case, involving the Company.

Section 9. Governing Law

This letter agreement is governed by and construed in accordance with the laws of the State of New York with respect to contracts made and to be performed entirely therein and without regard to choice of law or principles thereof.

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration. Each party shall appoint one arbitrator. The two party arbitrators shall select a third arbitrator. However, if within thirty days after their appointment the two party arbitrators do not select a third arbitrator, the third arbitrator shall be selected by the American Arbitration Association (AAA). The arbitration shall be conducted under the AAA's Commercial Arbitration Rules, and the arbitrators shall issue a reasoned award. The arbitrators may award costs and attorneys' fees to the prevailing party. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. However, APS agrees that the arbitration provisions shall apply only to the extent that the Bankruptcy Court, or the U.S. District Court if the reference is withdrawn, does not retain jurisdiction over a controversy or claim.

Section 10. Termination and Survival.

APS' engagement to provide Temporary Staff hereunder may be terminated at any time by written notice by one party to the other; provided, however, that notwithstanding such termination APS will be entitled to any fees and expenses due under the provisions of the agreement, including Success Fees in accordance with Schedule 2. Such payment obligation shall inure to the benefit of any successor or assignee of APS. The obligations of the parties as reflected herein shall survive the termination of the engagement.

Additionally, unless APS is terminated by the Company for Cause (as defined below) or due to circumstances described in the Success Fee provision in the letter agreement, APS shall remain entitled to the Contingent Success Fee(s) that otherwise would be payable for the greater of 12 months from the date of termination or the period of time that that has elapsed from the date of this letter to the date of termination. Cause shall mean a APS representative acting in good faith on behalf of the Company is convicted of a felony or it is determined in good faith by the Board of Directors of the Company, and after thirty (30) days notice and opportunity to cure either (i) an APS representative engages in misconduct injurious to the Company, or (ii) an APS representative breaches any of his or its material obligations under this Agreement; or (iii) an APS representative willfully disobeys a lawful direction of the Board of Directors or senior management of the Company.

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

Sections 2, 4, 5, 7, 9, 10, and 11 shall survive the expiration or termination of the letter agreement.

Section 11. General.

Severability. If any portion of the letter agreement shall be determined to be invalid or unenforceable, we each agree that the remainder shall be valid and enforceable to the maximum extent possible.

Entire Agreement. The Terms and the attached letter agreement contain the entire understanding of the parties relating to the services to be rendered by APS and may not be amended or modified in any respect except in writing signed by the parties. APS will not be responsible for performing any services not specifically described in this letter or in a subsequent writing signed by the parties. If there is a conflict between these Terms and the letter agreement, these Terms shall govern.

Notices. All notices required or permitted to be delivered under this letter agreement shall be sent, if to APS, to the address set forth in the letter agreement, to the attention of Mr. Melvin R. Christiansen, and if to Company, to the address set forth in the letter agreement, to the attention of your General Counsel, or to such other name or address as may be given in writing to the other party. All notices under the letter agreement shall be sufficient if delivered by facsimile or overnight mail. Any notice shall be deemed to be given only upon actual receipt.

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PROPOSED ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION
**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

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

**DECLARATION OF DOUGLAS C. WERKING IN SUPPORT OF
THE MOTION OF THE DEBTORS PURSUANT TO 11 U.S.C. § 363
FOR ENTRY OF A FINAL ORDER AUTHORIZING THE EMPLOYMENT
OF AP SERVICES, LLC AS CRISIS MANAGERS TO THE
DEBTORS AND THEREBY DESIGNATE ROBERT DANGREMOND AS
CHIEF RESTRUCTURING OFFICER OF THE DEBTORS**

DOUGLAS C. WERKING makes this Declaration pursuant to 28 U.S.C. § 1746, and states:

1. I am associated with AP Services, LLC (“APS”), which maintains offices at 2000 Town Center, Suite 2400, Southfield, MI 48075. APS specializes in, among other things, supplying senior executives on an interim basis to financially troubled companies. APS is an affiliate of AlixPartners, LLC, AlixPartners, Ltd., AlixPartners, GmbH and AlixPartners, S.r.l., (herein collectively “AlixPartners”) internationally recognized restructuring and turnaround advisory and consulting firms; The System Advisory Group, an information technology

consulting firm; Partnership Services, LLC, a company that provides temporary employees; and the Questor entities, which are private equity funds. I am a principal of AlixPartners.¹

2. I submit this Declaration in support of the motion (the “Motion”) of Mirant Corporation (“Mirant”) and its affiliated debtors (collectively, the “Debtors”) for an order authorizing the employment of APS as crisis managers to the Debtors and thereby designate Robert Dangremond as Chief Restructuring Officer of the Debtors. Except as otherwise noted, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto.²

3. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, other than in connection with these cases, neither I, nor AlixPartners and APS, nor any of their principals, employees, agents or affiliates, have any connection with the Debtors, its creditors, the U.S. Trustee or any other party with an actual or potential interest in these chapter 11 cases or their respective attorneys or accountants, except as set forth below:

- a. APS and its’ affiliates are not and have not been employed by any entity other than the Debtors in matters related to these chapter 11 cases.
- b. From time to time, APS and its affiliates shall provide services, and likely will continue to provide services, to certain creditors of the Debtors and various other parties adverse to the Debtors in matters unrelated to these chapter 11 cases. As described below, however, APS and its affiliates have undertaken a detailed

¹ Only APS is being retained by the Debtors to provide services in connection with these Chapter 11 cases. Nevertheless, this Declaration discusses the relationships of AlixPartners and other APS affiliates (collectively, the “APS Affiliates”) with the Debtors, their creditors and other parties-in-interest, because both I and other APS professionals who may be employed in these cases have associations with multiple APS Affiliates.

² Certain of the disclosures herein relate to matters within the knowledge of other professionals at AlixPartners and are based on information provided by them.

search to determine and to disclose whether they are providing or have provided services to any significant creditors, equity security holders, insiders, or other parties in interest in such unrelated matters.

- c. APS and its affiliates provide services in connection with numerous cases, proceedings and transactions unrelated to these chapter 11 cases. These unrelated matters involve numerous attorneys, financial advisors and creditors, some of which may be claimants or parties with actual or potential interests in these cases or may represent such parties.
 - d. AlixPartners personnel may have business associations with certain creditors of the Debtors unrelated to these chapter 11 cases. In addition, in the ordinary course of its business, APS and its affiliates may engage counsel or other professionals in unrelated matters who now represent, or who may in the future represent, creditors or other interested parties in these cases.
 - e. AlixPartners has approximately 250 employees. It is possible that certain employees of AlixPartners hold securities of the Debtors or interests in mutual funds or other investment vehicles that may own the Debtors' securities.
4. To check and clear potential conflicts of interest in these cases, AlixPartners researched its client database and performed reasonable diligence to determine whether it had any relationships with the following entities (collectively, the "Interested Parties")
- a. the Debtors and their affiliates;
 - b. the names of the Debtors' significant projects;
 - c. the Debtors' 50 largest unsecured creditors;
 - d. the Debtors' bondholders;

- e. lenders to the Debtors;
 - f. the indenture trustees of the Debtors;
 - g. professionals retained by the Debtors; and
 - h. various other parties-in-interest, as identified by the Debtors.
5. Based upon the search described above, we wish to disclose the following

relationships with certain Interested Parties:

- Questor Partners Fund, L.P. (“QPF”) and Questor Partners Fund II, L.P. (“QPF II”), a \$300 million fund and an \$865 million fund, respectively, are private equity funds that invest in special situations and under-performing companies. Neither QPF nor QPF II will make an investment in the Debtors for at least three years after the date that AlixPartners' engagement terminates.
- Mr. Jay Alix, a principal in AlixPartners, is also the President and CEO of Questor Management Company, the entity that manages QPF and QPF II.
- Questor and AlixPartners are separate companies. AlixPartners, pursuant to contract, performs certain accounting and back-room services for Questor. From time to time, Questor hires AlixPartners as a contractor to advise it regarding a potential acquisition, and occasionally investee companies of QPF and QPF II hire AlixPartners. From time to time, employees of AlixPartners are elected to the boards of directors of investee companies of QPF and QPF II, but such employees are not involved in this engagement.
- Mr. Jay Alix owns interests in Questor General Partner, LP (“QGP”) and Questor General Partner II, LP (“QGP II”), the general partners of QPF and QPF II. Mr. Albert Koch, Chairman of AlixPartners, is a limited partner in QGP II, as are the majority of the AlixPartners principals. AlixPartners principals, except for Mr. Alix and Mr. Koch, are passive investors and have no voice in approving Questor’s investments.
- Substantially all of the other principals of AlixPartners own limited partnership interests in one or more of the following entities: Questor Side-by-Side Partners, L.P., Questor Side-by-Side Partners II, L.P., and Questor Side-by-Side Partners II 3(c)(1), L.P. AlixPartners principals, except for Mr. Alix and Mr. Koch, are passive investors and have no voice in approving Questor’s investments.
- Some of the limited partners of QPF and/or QPF II are affiliates of financial institutions that are also lenders to companies that may have retained AlixPartners. The affiliates of such financial institutions are passive investors in QPF and QPF II and have no voice in approving Questor’s investments. Where such situations occur, the lending relationship and investment in QPF and/or QPF II is detailed in AlixPartners’ disclosures.

- QPF, QPF II, Questor Side-by-Side Partners, L.P., Questor Side-by-Side Partners II, L.P., and Questor Side-by-Side Partners II 3(c)(1), L.P. are all related entities. The Side-by-Side funds contain, in the aggregate, 6.3% of the total Questor funds, which are in excess of \$1.17 billion.
- ABN-AMRO, a lender to the Debtors, is a current client of AlixPartners through AlixPartners work for a bank group in matters unrelated to the Debtors. Other ABN-AMRO affiliated entities are lenders, bondholders, creditors and client professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, ABN-AMRO previously employed a current AlixPartners employee.
- Allstate, a lender to the Debtors, is a former adverse party to an AlixPartners client, a lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors and previously employed a current AlixPartners employee.
- ANZ, a lender to the Debtors, is a bondholder to a current APS client, a lender to former AlixPartners clients and previously employed a current AlixPartners employee.
- Bank of America, a lender, creditor and indenture trustee to the Debtors, is a current and former client of AlixPartners as well as a lender and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Bank of Montreal, a lender to the Debtors, is a current client of AlixPartners through AlixPartners' work for a bank group as well as a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors
- Bank of New York, a creditor of the Debtors, is a lender, bondholder, indenture trustee and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Bank of New York previously employed several current AlixPartners employees.
- Bank of Nova Scotia, a lender and creditor of the Debtors, is a former AlixPartners client through AlixPartners work for a bank group as well as a creditor, lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Bank of Nova Scotia is a lender to a Questor portfolio company.
- Bank of Tokyo-Mitsubishi, a lender and creditor of the Debtors, is a lender, lessor, creditor and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Bank One, a lender and creditor of the Debtors, is a current AlixPartners client in matters unrelated to the Debtors and provides commercial banking services to AlixPartners. Also, Bank One previously employed an AlixPartners employee and is a lender to certain other current or former AlixPartners clients in matters unrelated to the Debtors

- Bankers Trust, an indenture trustee of the Debtors, is a lender, creditor, limited partner and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Barclays, a lender, creditor and bondholder of the Debtors, is affiliated with an entity that is a current client of AlixPartners through AlixPartners work for a bank group in matters unrelated to the Debtors. Other Barclays affiliated entities are lenders, bondholders, shareholders, and adverse parties to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, an affiliate of Barclays is a lender to a Questor portfolio company.
- Bayerische Landesbank, a lender, creditor and indenture trustee of the Debtors, is a creditor and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- BNP Paribas, a lender to the Debtors, is a professional to a current AlixPartners client and is a creditor and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Boston Safe Deposit, a creditor of the Debtors, is a bondholder and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- CIBC, a lender and creditor of the Debtors, is a current client of AlixPartners in matters unrelated to the Debtors. Other CIBC affiliated entities are lenders, bondholders, shareholders and professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Certain Citicorp affiliated entities are lenders, creditors, indenture trustees and bondholders of the Debtors. Other Citicorp affiliated entities are limited partners in QPF and QPF II, lenders to a Questor portfolio company, trustee for a current AlixPartners client as well as creditors, lenders, bondholders and shareholders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Charles River and Associates, a professional services firm retained by the Debtors, is a professional to current and former AlixPartners and/or APS clients including Foster Wheeler.
- Comerica Bank, a bondholder to the Debtors, is a limited partner in QPF and QPF II, and is also a former AlixPartners client in matters unrelated to the Debtors. Comerica is a lender to AlixPartners, to certain other current and former AlixPartners and/or APS clients and to Questor portfolio companies in matters unrelated to the Debtors. Also, Comerica is a lender to Mr. Jay Alix personally, and Mr. Albert Koch maintains a banking relationship with Comerica and an investment account with Comerica Securities.
- Credit Lyonnais, a lender and creditor of the Debtors, is a current AlixPartners client through AlixPartners work for a bank group in matters unrelated to the Debtors. Other Credit Lyonnais affiliated entities are lenders and creditors to current and former AlixPartners

and/or APS affiliated entities as well as lender to a Questor portfolio company in matters unrelated to the Debtors.

- Credit Suisse First Boston (“CSFB”), a lender, creditor and indenture trustee of the Debtors, is a current and former client of AlixPartners in matters unrelated to the Debtors. Other CSFB affiliated entities are lenders, creditors, bondholders limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. CSFB is a lender to a Questor portfolio company. Additionally, CSFB previously employed an AlixPartners employee.
- Deloitte & Touche, a professional services firm retained by the Debtors, is affiliated with entities that are vendors to AlixPartners, adverse to a former AlixPartners client, as well as professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Deloitte affiliated entities previously employed several current AlixPartners employees
- Deutsche Bank, a lender and creditor of the Debtors, is affiliated with entities that are shareholders, lenders, indentured trustees, creditors, limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Dresdner Bank affiliated entities are lenders, creditors and indenture trustees to the Debtors. Other Dresdner affiliated entities are former AlixPartners clients through AlixPartners’ work for a bank group as well as lenders, creditors and professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Dresdner Bank previously employed a current AlixPartners employee.
- Ernst & Young, a professional services firm retained by the Debtors, is a former client of AlixPartners, an adverse party to a former AlixPartners client, as well as a creditor and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, Ernst & Young previously employed several current AlixPartners employees.
- Fifth Third Bank, a bondholder of the Debtors, is a lender and bondholder of current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- First Union/ Wachovia, a bondholder, creditor and lender to the Debtors, is affiliated with entities that are current and former clients of AlixPartners through AlixPartners’ work for a bank group, a former AlixPartners client as well as a lender, creditor, bondholder, professional, limited partner and significant shareholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Fleet Bank affiliated entities are lenders, creditors and bondholders of the Debtors. Other Fleet affiliated entities are current clients of AlixPartners through AlixPartners’ work for a bank group in matters unrelated to the Debtors. Additionally, Fleet is a counterparty to an executory contract with a current APS client as well as a lender, bondholder, creditor,

indentured trustee and retained professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.

- Foster Wheeler, a vendor to the Debtors, is a current client of APS. Since March 2002, various APS employees have assisted Foster Wheeler with the collection of accounts receivable and the development of financial and organizational business plans. In addition, APS employees serve as Chief Financial Officer and Treasurer of Foster Wheeler. All communications, negotiations, and/or transactions between Foster Wheeler and the Debtors in which APS and its employees will be involved, will take place at arm's length.
- Goldman Sachs, a creditor of the Debtors, is a former client of AlixPartners as well as a lender, bondholder and shareholder to current and former AlixPartners and/or APS affiliated entities in matters unrelated to the Debtors. Additionally, Goldman Sachs previously employed several AlixPartners employees.
- Haynes and Boone, proposed counsel to the Debtors, is a former AlixPartners client through AlixPartners' work for a creditors' committee as well as a professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. In addition, AlixPartners previously retained Haynes and Boone in matters unrelated to the Debtors. In addition, Robin Phelan, Debtors' counsel from Haynes and Boone is the father of a current AlixPartners summer intern, Travis Phelan. Travis Phelan is committing his time to another APS client and will not be involved in the Mirant matter.
- IFC, a lender to the Debtors, is a lessor to a current APS client in matters unrelated to the Debtors.
- IntesaBCI, a lender to the Debtors, is a creditor, lender and professional to a current APS client in matters unrelated to the Debtors.
- Investors Bank & Trust, a bondholder of the Debtors is a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- John Hancock, a lender to the Debtors, is a counterparty to an executory contract with a current APS client as well as a lender and bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- JP Morgan Chase affiliated entities are lenders and creditors to the Debtors. Other JP Morgan Chase affiliated entities are lenders, shareholders, bondholders limited partners and creditors to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. An entity affiliated with JP Morgan Chase is a limited partner in QPF and QPF II and JP Morgan Partners is a significant shareholder in a QPF portfolio company. Additionally, other JP Morgan Chase affiliated entities previously employed several AlixPartners employees.
- KPMG, a professional services firm retained by the Debtors, is an adverse party to a former AlixPartners client and a professional to current and former AlixPartners and/or APS clients

in matters unrelated to the Debtors. Additionally, KPMG previously employed several AlixPartners employees.

- Lehman, a lender and creditor of the Debtors, is an investment banker to current APS clients, former clients of AlixPartners through AlixPartners work for a bank group as well as bondholders, shareholders and lenders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Additionally, Lehman Brothers previously employed a current AlixPartners employee.
- Lloyds Bank, a lender to the Debtors, is a creditor, lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Mellon Bank, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a lender, indenture trustee, creditor, and shareholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Merrill Lynch, a bondholder and creditor of the Debtors, is affiliated with several entities that are former clients of AlixPartners, as well as lenders, bondholders, shareholders limited partners and retained professionals to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. Merrill Lynch Asset Management is a lender to a Questor portfolio company. Additionally, Merrill Lynch previously employed a current AlixPartners client in matters unrelated to the Debtors.
- Mizuho, a lender and creditor of the Debtors, is a lender and professional to current APS clients in matters unrelated to the Debtors.
- Neuberger Berman, a creditor of the Debtors, is a bondholder to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- New York Life, a lender to the Debtors, is a bondholder, lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Northern Trust Company, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a bondholder and lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- PNC Bank, a bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as well as a bondholder, lender, shareholder and creditor of current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- PricewaterhouseCoopers ("PwC"), a professional services firm retained by the Debtors, is an adverse party to current and former AlixPartners clients, a former AlixPartners client and a professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors. PwC is also the auditor for the Questor funds and previously employed several AlixPartners employees.

- Royal Bank of Scotland, a lender and creditor of the Debtors, is a lender and creditor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- SG Cowen and Societe Generale, bondholders and lenders of the Debtors, are former clients of AlixPartners, as well as bondholders and lenders to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- State Street Bank, a bondholder and creditor of the Debtors, is a lender, bondholder, shareholder, vendor, creditor and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Suntrust, a lender of the Debtors, is a lender, creditor and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Toyo Trust Company, a bondholder of the Debtors, is a lender, bondholder and vendor to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Union Bank of California, a creditor and bondholder of the Debtors, is a client of AlixPartners through AlixPartners' work for a bank group as well as a lender to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- US Bank/Mercantile, bondholder and creditor of the Debtors, is a lender, bondholder and indenture trustee to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Wells Fargo Bank, bondholder and creditor of the Debtors, is a client of AlixPartners and a former client of AlixPartners through AlixPartners' work for a bank group in matters unrelated to the Debtors. Other Wells Fargo affiliated entities are lenders, creditors, lessors, bondholders, indentured trustees and vendors to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- Westdeutsche Landesbank, a lender and creditor of the Debtors, is a lender and professional to current and former AlixPartners and/or APS clients in matters unrelated to the Debtors.
- White & Case, proposed counsel to the Debtors, is a professional to current and former AlixPartners and/or APS clients including Foster Wheeler.

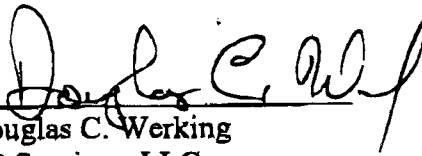
6. APS and its affiliates are advisors and crisis managers providing services and advice in many areas including restructuring and distressed debt. As a result, APS and its affiliates have and may in the future represent certain Interested Parties in matters unrelated to these chapter 11 cases, either individually or as part of representation of a committee of creditors or interest holders.

7. Despite the efforts described above to identify and disclose the connections that APS and its affiliates have with parties in interest in these cases, because the Debtors is a large enterprise with numerous creditors and other relationships, APS is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if APS discovers additional information that requires disclosure, APS will file a supplemental disclosure with the Court.

8. APS submits that it holds no adverse interest as to the matters for which it has been employed by the Debtors. Certain individuals affiliated with APS may render crisis and interim management services to the Debtors on a part-time basis, while others have been and/or will continue to be engaged full-time. To the extent such individuals are employed on a part-time basis, APS submits that there are no simultaneous engagements existing which would constitute a conflict or adverse interest as to the matters for which it has been employed by the Debtors.

9. APS reserves the right to supplement this Declaration in the event that APS discovers any facts bearing on matters described in this Declaration regarding APS' employment by the Debtors.

I declare under penalty of perjury under the laws of the United States of America that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.



Douglas C. Werking
AP Services, LLC

Executed this 19 day of July, 2003.

**MIRANT CORPORATION, ET AL.
OFFICIAL SHORTENED SERVICE LIST
July 18, 2003**

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