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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, et al.,)
) Case No. 03-_____ ()
) Jointly Administered
Debtors.)
)
) Hearing Date and Time: To Be Set

AFFIDAVIT OF CAMERON BREADY IN SUPPORT OF DEBTORS' MOTION FOR INTERIM ORDER AUTHORIZING THE DEBTORS TO (i) COMPLY WITH TERMS OF PREPETITION TRADING CONTRACTS, (ii) ENTER INTO POSTPETITION TRADING CONTRACTS IN THE ORDINARY COURSE OF BUSINESS, (iii) PROVIDE CREDIT SUPPORT RELATING TO BOTH PRE- AND POST-PETITION TRADING CONTRACTS, AND (iv) SETTING A FINAL HEARING TO CONSIDER THE ENTRY OF A FINAL ORDER AFFIRMING THE INTERIM ORDER AND AUTHORIZING ASSUMPTION OF PREPETITION TRADING CONTRACTS

STATE OF TEXAS)
) ss:
COUNTY OF DALLAS)

I, Cameron Bready, being duly sworn, depose and state:

Background

1. I am a currently the Vice President and Global Chief Risk Officer of Mirant Corporation and its debtor affiliates (collectively, the "Debtors" or the "Company"), the debtors and debtors-in-possession in the above-captioned case. I submit this affidavit in support of the

Motion for Entry of an Interim Order Authorizing the Debtors to (i) Comply with Terms of Prepetition Trading Contracts, (ii) Enter Into Postpetition Trading Contracts in the Ordinary Course of Business, (iii) Provide Credit Support Relating to Both Pre- and Post-Petition Trading Contracts, and (iv) Setting a Final Hearing to Consider the Entry of a Final Order Affirming the Interim Order and Authorizing Assumption of Prepetition Trading Contracts (the "Motion") filed by the Debtors.

2. My current responsibilities include enterprise-wide risk assessment and management, as well as managing market, credit, and operational risks for the Debtors' trading and marketing operations.

3. The facts in this affidavit are based on my personal knowledge, my review of documents, my experience with the Company's operations and financial condition, and my experience and knowledge of the industry and general market conditions. If called to testify, I would testify to the facts set forth herein.

Overview of the Company.

4. Mirant Corporation is an international energy company, incorporated in Delaware on April 20, 1993, that produces and sells electricity in the United States, the Philippines and the Caribbean. As of December 31, 2002, Mirant Corporation and its various debtor and non-debtor subsidiaries and affiliates owned or controlled, through operating agreements, more than 21,800 MW of electric generating capacity around the world, of which more than 18,000 MW was located in the United States. In North America, Mirant also has rights to approximately 3.1 billion cubic feet per day of natural gas production, more than 2.1 billion cubic feet per day of natural gas transportation and almost 13.4 billion cubic feet of natural gas storage as of December 31, 2002.

5. The power industry is one of the largest industries in the United States, and has an influence on practically every aspect of the U.S. economy, with an estimated market of approximately \$250 billion of electricity sales in 2002, according to the Energy Information Administration. Historically, the power generation industry was characterized by electric utility monopolies selling to a franchised customer base. In response to increasing customer demand for access to low-cost electricity and enhanced services, new regulatory initiatives have been adopted to increase wholesale competition in the power industry. For the past decade, the power industry has been deregulated at the wholesale level, allowing generators to sell directly to load serving entities.

6. The importance of the Debtors' continued viability to the stability of this country's energy markets cannot be overstated. The Debtors are among the world's largest energy merchants. If the Debtors were to cease or otherwise materially curtail their merchant energy activities, the availability of sufficient power or liquidity in certain energy markets would likely be distorted. For example, the Debtors own, control and/or manage several generation "must run" power facilities in California. The Debtors' inability to fuel or operate such facilities for any significant duration could result in blackouts or brownouts in San Francisco and other major cities. Even worse, the Debtors' inability to continue at or near historic levels of operations could cause a domino effect within certain fragile energy markets, potentially triggering other financially-distressed energy merchants to fail.

7. The Debtors' merchant energy activities include their core business of owning and operating electrical power generation facilities and engaging in energy commodity and financial products trading, which is conducted through Debtor Mirant Americas Energy Marketing LP ("MAEM"). Historically, to maximize the value of the Debtors' merchant energy enterprise, the Debtors have pursued an integrated business model whereby MAEM has engaged

in asset risk management and optimization activities with respect to the operation of the core generation business. As asset manager, MAEM is responsible for, among other things, procuring fuel consumed and selling power generated by the Debtors' power generating assets, scheduling such purchases and sales, maintaining necessary transportation routes and performing dynamic hedging to reduce the risks associated with market price volatility. Furthermore, MAEM performs a substantial amount of the regulatory compliance and currently holds many of the regulatory approvals necessary for the continued conduct of the Debtors' core power generation business. Historically, MAEM has also engaged in proprietary trading activities (collectively with asset risk management and optimization activities, the "Trading Activities") for its own account, from which the Debtors have derived substantial revenue. As a result of the Debtors' historic Trading Activities, the Debtors currently maintain a portfolio consisting of active physical commodities and financial products trading positions (the "Existing Positions"). The Debtors' portfolio or "book" represents a valuable and substantial asset of the estates.

8. As integrated business units, the Debtors' power producing and energy trading businesses are integrally intertwined such that the collapse of one could trigger the collapse of the others. The interdependence of the Debtors' businesses is derived from the efficiencies created when each business unit focuses on one primary aspect of the overall enterprise operations. For instance, MAEM's trading business buys and sells virtually all fuel and power for the enterprise, including fuel consumed and power generated by the Debtors' power producing business, as well as for its own proprietary Trading Activities. It is important to note that the Debtors' core electricity generation business is not a party to many long-term contracts under which it either secures fuel supply or sells its electricity offtake. MAEM's trading business, in turn, is able to rely on the power producing business as a reliable source of power and consumer of fuel. The Debtors' business configuration has eliminated inefficient overlap of

operational functions; therefore, the continuous uninterrupted operation of one business is dependent upon the continuous uninterrupted operation of the others.

9. For these reasons, the Debtors have explored various financial and strategic options designed to maximize the Debtors' ability to continue as a viable integrated business enterprise. As an initial matter, the Debtors have determined that their integrated business model is an essential component of the Debtors' long-term viability and business restructuring strategy. MAEM's ability to manage and optimize the Debtors' assets, at a minimum, permits the Debtors to procure fuel and market power in an efficient and cost-effective manner. In addition, if MAEM's proprietary Trading Activities business is able to continue at historic levels, the trading business can represent a significant source of profit to the enterprise.

10. To preserve and maximize the value of the Debtors' estates, the Debtors must maintain their Existing Positions and engage in prospective Trading Activities consistent with prior practice. If the Debtors are not able to maintain the Existing Positions and engage in future Trading Activities consistent with prior practice, I believe that the Debtors' estates and assets will suffer immediate and irreparable harm and degradation in value.

11. As is typical in the industry, trading counterparties typically must maintain an acceptable creditworthiness or provide acceptable credit support, generally in the form of letters of credit, collateral or prepayments. Prior to the Petition Date and in connection with their Trading Activities, the Debtors provided credit support in the form of letters of credit and cash collateral to secure counterparties against the risk of the Debtors' non-performance. In addition, given the Debtors' impaired pre-petition creditworthiness, the Debtors sometimes were compelled to prepay for certain fuels, depending upon the counterparty.

12. Despite the fact that the Debtors are generally required to collateralize fully their trading counterparties, the Debtors believe that most, if not all, of their trading partners will

refuse to continue trading relationships absent the relief the Debtors request from this Court in the Motion. The commodity and financial product trading sector has been historically and consistently resistant to conducting business with trading entities in distress. Once a trading entity is in distress, counterparties reflexively terminate relationships and discontinue future trading. Indeed, based on my experience (and the Debtors' practices), notices of termination are immediately sent to bankrupt counterparties by the other counterparty upon notification of a bankruptcy. Such a notice effectively terminates the obligations to complete future trades. Upon the Debtors filing of voluntary petitions for relief under chapter 11, in the absence of approval of this order, counterparties having the right to terminate under their existing trading agreements with the Debtors will likely exercise these rights immediately. Typically, as the non-defaulting party, the Debtors' counterparties will have the right to calculate the settlement amount due to or receivable from the Debtors' pursuant to the terms of the respective trading contracts. These settlement amounts are generally based on either the current quoted market prices for the equivalent commodity transaction or the actual cost the non-defaulting counterparty incurs in covering the terminated position in the market. Upon completion of the calculation of the settlement amount by the non-defaulting party, payment to or from the defaulting party is typically due within a few business days.

13. The reflex to terminate immediately and discontinue future trading with distressed trading entities has developed from a history of uncertain performance by distressed trading entities.

14. Permitting a counterparty to terminate allows the counterparty to cover its positions with the trading debtor, thereby avoiding risk of non-performance and providing a degree of certainty that is necessary for the commodities markets to function efficiently and

without interruption. I believe that these Debtors, however, pose little risk of non-performance and that risk, if any, may be mitigated through the relief requested in the Motion.

15. Counterparties seeking to terminate trading contracts and discontinue trading prospectively would likely do so because of a fear that a chapter 11 trading partner is operating outside of the ordinary course of business with respect to sophisticated transactions necessary to conduct the trading business and/or a perception that such trading partner presents an unacceptable level of risk exposure without adequate credit support.

16. Accordingly, I believe it is necessary and appropriate to obtain from this Court an order that confirms the Debtors' authority to continue their Trading Activities to overcome the initial trepidation displayed by most parties when confronted with a chapter 11 counterparty. The Debtors intend to honor their Prepetition Trading Contracts (as defined below); conduct Postpetition Trading Activities (as defined below) in the ordinary course of their businesses and grant requisite credit support consistent with industry standards and prior practices that will provide appropriate downside protection against the unlikely event of the Debtors' non-performance. I believe this relief will enable the Debtors demonstrate their long-term creditworthiness and viability through, among other things, course of performance, conduct a smooth and orderly transition into chapter 11, and stabilize their business operations.

The Company's Resolute Efforts to Continue Trading With Counterparties.

A. Prepetition Trading Contracts.

17. Prior to MAEM's filing of a voluntary petition for relief under chapter 11 on July [14], 2003 (the "Petition Date"), the Debtors utilized and entered into with their counterparties various industry standard trading contracts, including, but not limited to, ISDA, EEI, MEPSA, GISB and/or NAESB master agreements, (including all related Schedules and Credit Support Annexes), as may have been amended, restated, supplemented, or otherwise modified from time

to time (the "Master Agreements"). In connection with the Master Agreements, the Debtors also utilized and entered into with their counterparties longform confirmations for the purchase, sale and/or exchange of physical commodities (including, without limitation, natural gas, crude oil, fuel oil, gas, petroleum-related products, natural gas liquids, coal, and emissions), electric power, electric capacity, goods (as such term is defined in the Uniform Commercial Code), swaps, options, derivatives, or any other securities, contract rights, instruments or items (whether similar or dissimilar to the foregoing) that is currently bought, sold, and/or exchanged or capable of being bought, sold and/or exchanged in the future ("Longform Confirmations" and collectively with the Master Agreements, the "Prepetition Trading Contracts").

18. Prior to the Petition Date, the Debtors and their counterparties also entered into master netting, setoff and security agreements (the "Master Netting Agreements") pursuant to which the Debtors, on the one hand, and one or more affiliated counterparties, on the other hand, have agreed to aggregate their respective exposures under two or more Transaction Agreements (physical and/or financial) for purposes of determining exposure thresholds and collateral requirements. As a rule, the counterparties under a Master Netting Agreement are affiliated entities, usually under the ownership of a common parent company. As with ordinary Master Agreements, certain Master Netting Agreements provide triangular offsets which permit the Debtors to minimize collateral requirements, and therefore, are an important tool in the efficient management of the Debtors' businesses. To the extent the Debtors utilize Master Netting Agreements that involve two or more Debtor entities, the Debtors intend to monitor the respective intercompany obligations through the use of intercompany accounts.

19. Prior to the Petition Date, the Debtors and certain counterparties to the Prepetition Trading Contracts entered into Assurance and Amendment Agreements (the "Prepetition Assurance Agreements") for the purpose of, among other things, limiting the risks and

uncertainties that may arise with respect to the Prepetition Trading Contracts after the Petition Date. Indeed, several significant Counterparties have executed Prepetition Assurance Agreements. The Prepetition Assurance Agreements are the product of days of arm's length negotiations, discussions, and meetings with the Debtors' largest counterparties. I believe that both the Debtors and the counterparties acted in good faith in these negotiations.

20. The Prepetition Assurance Agreements generally provide, among other things, the parameters under which the Assured Counterparties will waive any defaults and remedies triggered as a result of the commencement of the Debtors' chapter 11 cases and agree to continue their trading relationships with the Debtors under the Prepetition Trading Contracts. The Prepetition Assurance Agreements affirm the Debtors' intent to conduct postpetition trading activity granting requisite additional credit support to supplement the credit support traditionally provided under industry standards and prior practices. I believe that the relief provided by the Court is necessary to ensure that the Debtors may effectively procure fuel consumed and sell power generated by their core power generation businesses and prudently risk manage their businesses against market price volatility.

21. A key term of the Prepetition Assurance Agreements is that the Debtors are obligated to seek and obtain immediately entry of an interim court order ("Interim Order") authorizing the Debtors to carry out, among other things, the terms of the Prepetition Assurance Agreements. Immediately after entry of the Interim Order, the Debtors intend to deliver a letter to the counterparties discussing the filing of the voluntary petition and the Motion with a copy of the proposed Interim Order. Like the Prepetition Assurance Agreements, the form and substance of the Interim Order has been discussed and negotiated with the Debtors' largest counterparties.

22. Consistent with the terms of the Prepetition Trading Contracts and industry standards, the Prepetition Assurance Agreements require that the Debtors provide to the Assured

Counterparties collateral, margin, variation or maintenance margin, or similar security in the form of letters of credit, cash or other collateral (the "Prepetition Collateral") to secure obligations owing to the counterparties in connection with the Trading Activities. Industry practice requires "out of the money" parties to provide credit support in the ordinary course of business based upon accounts receivable/payable and net mark-to-market valuations of transactions that have yet to settle. Given the Debtors' current financial condition, credit support may be maintained solely through the posting of collateral, generally in the form of letters of credit or cash. The Debtors have every intention of performing under their pre-petition and post-petition trading contracts to the extent permitted by the Court. However, the credit support requested herein is necessary for the uninterrupted and successful operations of the Debtors' trading business.

23. Some of the counterparties to the Prepetition Trading Contracts have not entered into Prepetition Assurance Agreements but have indicated a willingness to continue the Prepetition Trading Contracts upon entry of the Interim Order; provided that the Debtors are able to obtain entry of the Interim Order immediately upon commencement of these cases. The Debtors will seek to have such counterparties enter into "Postpetition Assurance Agreements" immediately following entry of the Interim Order. The Postpetition Assurance Agreements will set forth the rights and obligations of the parties with respect to Existing Positions and prospective Trading Activities. Any Assured Counterparty electing to accept the benefits and protections of the Interim Order pursuant to the terms of the Prepetition Assurance Agreement and any counterparty executing a Postpetition Assurance Agreement is referred to herein individually as a "Protected Counterparty" and collectively, "Protected Counterparties."

24. The Postpetition Assurance Agreements also require that the Debtors provide to the Protected Counterparties with the Prepetition Collateral to secure obligations owing to the

counterparties in connection with the Trading Activities. The Prepetition Collateral that is being provided is not pursuant to a traditional lender/debtor relationship. Accordingly, based upon the circumstances presented in the Debtors' cases, seeking alternative credit would be impossible, as the credit needed by the Debtors is from the parties to the trading contracts themselves. I believe that, under the existing paradigm, there are no alternative sources from which to seek credit support. It is the Debtors' very relationship with their counterparties that is integral to the ongoing and future success of the Debtors' operations, which the Debtors are seeking to maintain. In order to protect the Debtors' operations and long-term viability, I believe that the court's immediate relief to provide credit support, consistent with the Debtors' prior practices, under those Prepetition Trading Contracts is necessary.

25. I believe that the Debtors will suffer immediate and irreparable harm unless the Debtors obtain immediate relief from the Court. The Assured Counterparties have conditioned their agreements to refrain from invoking the protections under the Bankruptcy Code upon the Court's immediate entry of the Interim Order, and the Debtors have received indications that many other counterparties would immediately terminate their safe harbor contracts if they were not entitled to the benefits of an immediate court order granting section 364(c) protections. I believe the termination of the Prepetition Trading Contracts would likely destabilize the entire organization and could have a rippling effect on certain energy markets.

B. Postpetition Trading Contracts.

26. I am also concerned that, after the Petition Date, existing or new counterparties will be reluctant to conduct business by entering into new Master Agreements, Longform Confirmations, and any and all related documentation (the "Postpetition Trading Contracts") absent explicit authority by this Court. I believe the Debtors require relief from the Court in order to provide important assurances to existing and potential counterparties and to minimize


disruption of the Debtors' normal business operations as much as possible in the context of chapter 11.

27. Similar businesses typically enter into trading contracts not unlike the Debtors. The Debtors routinely entered into trading contracts in the past. In fact, some of the Postpetition Trading Contracts which the Debtors anticipate entering into are with the very same parties and in the same form as those trading contracts entered into pre-petition. A counterparty, accordingly, would not be exposed to a different risk than it previously expected when it entered into a trading contract with the Debtors.

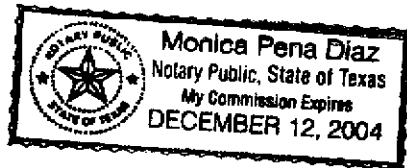
28. To manage effectively the risks inherent in their businesses, the Debtors must be able to enter into trading contracts and must be able to maintain the confidentiality of the basic terms of the trading contracts. Given the confidential nature of and the immediate need to enter into Postpetition Trading Contracts, as well as the sheer volume of the transactions that are required to operate businesses as complex as these, it would be impracticable and counterproductive to require the Debtors to seek approval of each contact. MAEM often conduct hundreds of trading contracts (either under Master Agreements or Longform Confirmations) each day with its bi-lateral counterparties in the market place or on national exchanges (e.g., NYMEX) at prices which constantly change. Typically, MAEM and its counterparty to a particular transaction agree the terms of the transaction, including the associated price, verbally over recorded phone lines. These transactions are deemed executed when the two parties agree to the terms verbally. The prices of these contracts in the market can vary materially from minute to minute, thus making the timing of the execution of the transaction extremely important. If MAEM were unable to execute Trading Activities without prior notice or application, than it would likely be unable to obtain desired positions at the optimal market prices. While awaiting approval to execute the transaction, the nature of commodity markets is

such that the desired position may become unavailable or the price at which it can be transacted may have changed significantly. This would certainly impair MAEM's ability to provide effective price risk management services to the Debtors core electricity generation business and to engage in profitable Trading Activities for the benefit of the Debtors.

29. Thus, I believe that it is essential to the Debtors' continuing business operations that the Court enter an order providing that the Debtors may continue their asset management and optimization and trading activities without further order of the Court.


CAMERON BREADY

SUBSCRIBED AND SWORN BEFORE ME on this 14th day of July, 2003.




Notary Public Signature

(PERSONALIZED SEAL)