

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	Chapter 11
)	
EDISON MISSION ENERGY, <i>et al.</i> , ¹)	Case No. 12-49219 (JPC)
)	
Debtors.)	(Jointly Administered)
)	

**NOTICE OF DEBTORS’ MOTION FOR ENTRY
OF ORDER (I) EXTENDING TIME TO ASSUME OR REJECT
POWERTON AND JOLIET FACILITY LEASES AND RELATED
AGREEMENTS OR, ALTERNATIVELY, (II) AUTHORIZING REJECTION OF
POWERTON AND JOLIET FACILITY LEASES AND RELATED AGREEMENTS**

PLEASE TAKE NOTICE that on the **27th day of June, 2013, at 9:30 a.m. (Central Time)** or as soon thereafter as counsel may be heard, the Debtors shall appear before the Honorable Jacqueline P. Cox or any other judge who may be sitting in her place and stead, in Courtroom 680 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, and present the attached *Debtors’ Motion for Entry of Order (I) Extending Time to Assume or Reject Powerton and Joliet Facility Leases and Related Agreements or, Alternatively, (II) Authorizing Rejection of Powerton and Joliet Facility Leases and Related Agreements* (the “Motion”).

PLEASE TAKE FURTHER NOTICE that any objection to the Motion must be filed with the Court by **June 25, 2013, at 12:00 p.m. (Central Time)** (the “Objection Deadline”) and served so as to be actually received by such time on (a) counsel to the Debtors; (b) the Office of the U.S. Trustee for the Northern District of Illinois; (c) members of and counsel to the official committee of unsecured creditors appointed to these chapter 11 cases; (d) the indenture trustee for the Debtors’ senior unsecured notes; (e) counsel to the ad hoc committee of certain holders of the Debtors’ senior unsecured notes; (f) the indenture trustee for the lessor notes related to the Debtors’ Powerton generating station in Pekin, Illinois and units 7 and 8 of the Debtors’ Joliet generating station and the pass-through trustee for the related pass-through certificates

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Finance Co. (9202); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

(collectively, the “Trustees”);² (g) counsel to the ad hoc committee of certain holders of pass-through certificates related to the Debtors’ Powerton and Joliet generating stations; (h) the owner trusts and the equity investors for the Debtors’ Powerton and Joliet generating stations (and their respective counsel, if known); (i) the lender under Debtor Edison Mission Energy’s letter-of-credit facility; (j) the state attorneys general for states in which the Debtors conduct business; (k) United States Attorney for the Northern District of Illinois; (l) the Internal Revenue Service; (m) the Securities and Exchange Commission; (n) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (o) the Pension Benefit Guaranty Corporation; and (p) those parties who have requested service of papers in this case pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [Docket No. 183].

PLEASE TAKE FURTHER NOTICE that any Certificateholder that fails to serve an objection on the Pass-Through Trustee (as defined in the Motion) in accordance with the terms hereof shall be deemed to consent to entry of the Extension Order (as defined in the Motion) and, upon entry of such order, shall not take, and hereafter such shall be forever barred, enjoined, and estopped from taking, any direct or indirect action to join, participate in, or otherwise assist or support any motion, application, request, or claim in respect thereof that may be filed against the Debtors by any third party, whether in the Debtors’ chapter 11 cases or otherwise, including any Certificateholders, that is inconsistent with the Extension (as defined in the Motion).

PLEASE TAKE FURTHER NOTICE that copies of all documents filed in these chapter 11 cases are available free of charge by visiting the case website maintained by GCG, Inc., the Debtors’ notice and claims agent for these chapter 11 cases, available at www.edisonmissionrestructuring.com or by calling (866) 241-6491. You may also obtain copies of any pleadings by visiting the Court’s website at www.ilnb.uscourts.gov in accordance with the procedures and fees set forth therein.

[Remainder of page intentionally left blank.]

² Pursuant to Section 10.1 of that certain Pass-Through Trust Agreement B, dated as of August 17, 2000, between Midwest Generation, LLC and the United States Trust Company of New York, as Pass-Through Trustee, the Pass-Through Trustee is required to transmit and disseminate the Motion and any attachments thereto to the respective holders of the pass-through certificates.

Dated: June 10, 2013

/s/ David R. Seligman, P.C.

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Chapter 11
EDISON MISSION ENERGY, <u>et al.</u> , ¹)	Case No. 12-49219 (JPC)
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Debtors.)	(Jointly Administered)
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DEBTORS’ MOTION FOR ENTRY OF ORDER (I) EXTENDING TIME TO ASSUME OR REJECT POWERTON AND JOLIET FACILITY LEASES AND RELATED AGREEMENTS OR, ALTERNATIVELY, (II) AUTHORIZING REJECTION OF POWERTON AND JOLIET FACILITY LEASES AND RELATED AGREEMENTS

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):

Preliminary Statement

1. Debtor Midwest Generation, LLC (“MWG”) is party to certain lease agreements related to the PoJo Facilities.² Both before and after the Petition Date, MWG and EME have been engaged in discussions with their respective stakeholders, including the Certificateholder Group, the Owner Lessors, the Noteholder Group, and the Committee, regarding the effect of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Finance Co. (9202); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

² Capitalized terms not otherwise defined in this preliminary statement shall have the meanings set forth herein.

these chapter 11 cases on the PoJo Facilities and potential restructuring options with respect to MWG's and EME's respective obligations thereunder.³

2. Although MWG and EME and their stakeholders remain hopeful that the parties will ultimately agree on the terms of a comprehensive restructuring of the underlying lease obligations, such an agreement has not yet been reached. Moreover—given the size and complexity of the PoJo Lease structure, the number of parties involved, and the short timeframe before the deadline to assume or reject the PoJo Leases—the Debtors will not reach a final agreement, if at all, before the July 1, 2013 deadline under section 365(d)(4) of the Bankruptcy Code to assume or reject the PoJo Leases.⁴

3. Thus, the Debtors believe there are three choices. *First*, MWG can assume the PoJo Leases. Assumption of the PoJo Leases on their current terms, however, is not feasible because assumption would impair stakeholder value in the face of MWG's adjusted operating loss of \$253 million in 2012, scheduled rent payments in 2013 totaling \$151.3 million⁵ (and \$560.1 million during the remaining terms of the Facility Leases), and MWG's obligation to fund approximately \$445 million in capital expenditures at the PoJo Facilities beginning in the summer of 2013 (or consider shutting down units) to comply with certain environmental regulations.

4. *Second*, MWG can allow the PoJo Leases to be rejected on July 1, 2013. Like assumption of the PoJo Leases, the rejection of the PoJo Leases is an undesirable outcome

³ As a result of these discussions, MWG previously obtained Court approval [Docket Nos. 120 and 630] of forbearance agreements—which since have expired—with the Owner Lessors and the Certificateholder Group with respect to the exercise of remedies associated with the bankruptcy filings of EME and MWG.

⁴ See Order Extending the Time Within Which the Debtors Must Assume or Reject Unexpired Leases of Nonresidential Real Property [Docket No. 670].

⁵ MWG's 2013 rent obligations include approximately \$75 million in scheduled rent payments payable on January 2, 2013, of which a portion remains unpaid as of the date hereof.

because rejection impairs—if not conclusively forecloses—the Debtors’ ability to facilitate continued discussions and analysis among all stakeholders to determine whether a restructuring of the MWG lease obligations can be achieved.

5. **Third**, MWG and its stakeholders can agree on an extension of the deadline to assume or reject the PoJo Leases to facilitate continued restructuring discussions in a manner that does not prejudice the Debtors’ estates or the rights of their stakeholders. Although the Debtors have begun to explore this third option with all relevant stakeholders, to date, the parties have been unable to reach agreement on all of the terms for a consensual extension that does not prejudice the Debtors’ estates.⁶

6. MWG and EME are prepared to offer consideration to the Certificateholder Group and Owner Lessors in return for an extension of the deadline to assume or reject the PoJo Leases. More specifically, and in an effort to facilitate ongoing discussions that may lead to a consensual restructuring and the ultimate assumption of the PoJo Leases, MWG and EME are prepared to agree to an extension on the following terms and conditions (the “Extension”) (all as described in greater specificity in the Term Sheet attached to the proposed Extension Order, which shall control notwithstanding anything to the contrary contained in the Motion):

- the date by which MWG must assume or reject the PoJo Leases is extended through and including November 1, 2013;
- MWG continues to make presently scheduled environmental retrofit capital expenditures for the PoJo Facilities from July 2, 2013, through the rejection of the Facility Leases;

⁶ The deadline to assume or reject an unexpired lease of nonresidential real property may be extended “upon prior written consent of the lessor” 11 U.S.C. § 365(d)(4)(B)(ii). Accordingly, the Debtors hope to obtain the consent of the Owner Lessors to the Extension. The Debtors have also engaged the Certificateholder Group (as defined below) to obtain its consent to the Extension.

- MWG pays accrued reasonable and documented out-of-pocket professional fees and expenses of the Certificateholder Group and the Owner Lessors through entry of the Extension Order; and
- to the extent MWG ultimately rejects the PoJo Leases, such rejection will be effective as of July 1, 2013.

7. Furthermore, the Extension would be without prejudice to the right of MWG to assume or reject any of the PoJo Leases and related Lease Documents at any time. In addition, all parties would reserve their rights to assert any claims (including rejection damage claims or cure claims) or defenses thereto associated with MWG's potential future assumption or rejection of the PoJo Leases and related Lease Documents. The Extension would also reserve the rights of all parties with respect to the characterization of the PoJo Leases and all rights, claims and interests of the Owner Lessors, the Pass-Through Trustee, and the Certificateholders with respect to the PoJo Leases.

8. Alternatively, in the absence of an agreement on an extension, MWG and EME seek entry of an order rejecting the PoJo Leases and related Lease Documents at the hearing on June 27, 2013, with such rejection being effective as of the entry of such order. To the extent that the PoJo Leases and related Lease Documents are rejected pursuant to the Rejection Order, MWG intends to continue operating the PoJo Facilities in the ordinary course until the relevant, applicable required regulatory approvals are obtained to facilitate the orderly turnover of the PoJo Facilities to the Owner Lessors. Indeed, in anticipation of the possibility that the PoJo Leases would be rejected, MWG has engaged in various contingency planning measures, including the filing of an application with the Federal Energy Regulatory Commission ("FERC") pursuant to which MWG seeks to effectuate the transfer of the PoJo Facilities to the Owner Lessors in accordance with applicable federal law.

Relief Requested

9. By this Motion, the Debtors seek entry of an order, *either* in the form attached hereto as: (a) **Exhibit A** (the “Extension Order”), authorizing entry into the Extension set forth in the term sheet attached as **Attachment 1** to the Extension Order (the “Term Sheet”)⁷ pursuant to sections 363(b) and 365(d)(4) the Bankruptcy Code (as defined below) and Bankruptcy Rule 9019 (as defined below) extending the deadline under section 365(d)(4) of the Bankruptcy Code for MWG to assume or reject the PoJo Leases (as defined below); or (b) **Exhibit B** (the “Rejection Order”), authorizing the rejection of the PoJo Leases and any other agreements relating to the PoJo Facilities, including, but not limited to, those documents identified on **Attachment 1** to the Rejection Order (collectively, the “Lease Documents”), solely to the extent the Lease Documents are executory contracts or unexpired leases, in each instance pursuant to section 365 of the Bankruptcy Code and Bankruptcy Rule 6006.

Jurisdiction

10. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

11. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

12. The statutory bases for the relief requested herein are sections 363 and 365 of the title 11 of the United States Code (the “Bankruptcy Code”) and Rules 6006 and 9019 of the Federal Rules of Bankruptcy Practice and Procedure (the “Bankruptcy Rules”).

⁷ Negotiations among the parties may lead to the modification of certain terms set forth in the Term Sheet. As a result, and to the extent there are modifications, the Debtors reserve the right to supplement this motion before the hearing to identify any such modifications.

Background

13. Edison Mission Energy (“EME”), together with its Debtor and non-Debtor affiliates, is a leading independent power producing enterprise specializing in developing, operating, and selling energy and capacity from approximately 40 generating facilities in 12 states and the Republic of Turkey. The Debtors have approximately 915 employees and maintain headquarters in Chicago, Illinois and Santa Ana, California.

14. On December 17, 2012 (the “Petition Date”), seventeen of the Debtors filed petitions with this Court under chapter 11 of the Bankruptcy Code. On May 2, 2013, three additional Debtors filed petitions with this Court under chapter 11 of the Bankruptcy Code. The Court has approved procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) [Docket Nos. 115, 154, and 780]. No party has requested the appointment of a trustee or examiner in these chapter 11 cases. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On January 7, 2013, the United States Trustee for the Northern District of Illinois appointed an official committee of unsecured creditors (the “Committee”) in these chapter 11 cases [Docket No. 202] (as amended on January 18, 2013 [Docket No. 308]).⁸

15. On April 11, 2013, the Court entered an order establishing July 1, 2013, as the deadline for the Debtors to assume or reject unexpired leases of nonresidential real property [Docket No. 670]. Accordingly, on July 1, 2013, absent further action by the Debtors, the PoJo

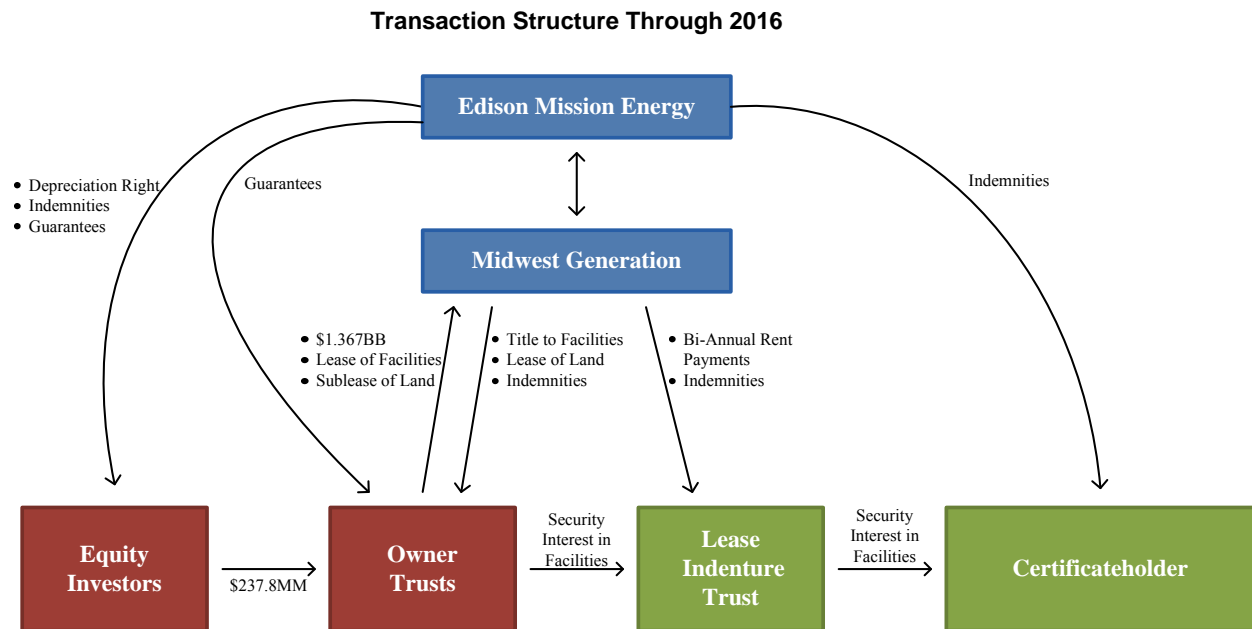
⁸ Further information regarding these chapter 11 cases is provided in the *Declaration of Maria Rigatti, Senior Vice President and Chief Financial Officer of Edison Mission Energy, in Support of Chapter 11 Petitions and First Day Motions*, at 6 [Docket No. 6] and the *Debtors’ First Status Report on Chapter 11 Cases* [Docket No. 604].

Leases (but not certain other Lease Documents) will be deemed rejected pursuant to section 365(d)(4) of the Bankruptcy Code.

The PoJo Facilities

I. The Owner Lessors’ Acquisition of the PoJo Facilities

16. Effective as of August 17, 2000 (the “Closing Date”), MWG entered into leveraged lease transactions (collectively, the “Transaction”) pertaining to the Powerton Generating Station in Pekin, Illinois (“Powerton”) and Units 7 and 8 of the Joliet Generating Station in Joliet, Illinois (collectively, “Joliet” and, together with Powerton, the “PoJo Facilities”) pursuant to which MWG sold the PoJo Facilities to certain third-party investors and simultaneously leased the PoJo Facilities from such third-party investors. The purchase of the PoJo Facilities was financed through the issuance of certain publicly traded debt securities. The post-Transaction financial and ownership structure of the PoJo Facilities, which is discussed in greater detail below, is depicted in the following illustration.



II. The PoJo Facilities' Ownership Structure Under the Transaction

17. On the Closing Date, two special purpose entities, Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) and Powerton Trust II (collectively, the "Powerton Owner Lessors"), purchased Powerton and two other special purpose entities, Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) and Joliet Trust II (collectively, the "Joliet Owner Lessors" and, together with the Powerton Owner Lessors, the "Owner Lessors"), purchased Joliet from MWG for approximately \$1.367 billion in aggregate cash consideration.⁹

18. Each Owner Lessor is a subsidiary of a special purpose entity (each, an "Owner Participant" and, collectively, the "Owner Participants"): Nesbitt Asset Recovery Series P-1 is a subsidiary of Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC); Powerton Trust I is a subsidiary of Powerton Generation II, LLC; Nesbitt Asset Recovery Series J-1 is a subsidiary of Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC); and Joliet Trust II is a subsidiary of Joliet Generation II, LLC. In turn, the Owner Participants are subsidiaries of certain equity investors: Nesbitt Asset Recovery LLC, Series P-1 and Nesbitt Asset Recovery LLC, Series J-1 are subsidiaries of Nesbitt Asset Recovery LLC, an affiliate of Public Service Enterprise Group, a company engaged in various aspects of the electric power business ("PSEG"), and Powerton Generation II, LLC and Joliet Generation II, LLC are subsidiaries of Associates Capital Investment, L.L.C., an affiliate of Citibank, N.A. ("Citibank").

III. Financing the Transaction

19. To fund the \$1.367 billion purchase price for the PoJo Facilities, the Owner Lessors used \$237 million in equity funding from the Owner Participants and financed the remaining \$1.147 billion of the purchase price. Specifically, the Owner Lessors issued certain

⁹ MWG did not transfer its ownership interests in the land on which the PoJo Facilities are located (collectively, the "Facility Sites") to the Owner Lessors in connection with the Transaction.

Lessor Notes (collectively, the “Lessor Notes”) pursuant to lease indentures (collectively, the “Lease Indentures”), which Lessor Notes were held by pass-through trusts (collectively, the “Pass-Through Trusts”). The Pass-Through Trusts conducted a private offering of pass-through certificates (collectively, the “Certificates”), which Certificates were sold to qualified institutional buyers (such holders, collectively, the “Certificateholders”). The Lessor Notes and the Certificates are held for the benefit of the Certificateholders by The Bank of New York Mellon, in its capacity as successor lease indenture trustee under the Indentures of Trust, Mortgage, Assignment of Leases and Rents and Security Agreement related to each PoJo Facility (the “Indenture Trustee”). As of the date hereof, Certificates in the aggregate principal amount of \$345 million remain outstanding.

IV. MWG’s Leases of the PoJo Facilities

20. On the Closing Date, MWG simultaneously leased an undivided interest in Powerton and Joliet from the Powerton Owner Lessors and the Joliet Owner Lessors, respectively pursuant to the applicable Facility Lease Agreements (the “Facility Leases”). As of the Closing Date, MWG also leased the Facility Sites to the respective Owner Lessors pursuant to those certain Facility Site Sublease Agreements (collectively, the “Facility Site Subleases” and, together with the Facility Leases, the “PoJo Leases”). Absent early termination, the Powerton Facility Leases and Facility Site Subleases expire in 2034 and the Joliet Facility Leases and Facility Site Subleases expire in 2030.

21. Under the Facility Leases, rent is paid in arrears in semi-annual payments. As noted above, approximately \$75 million in lease rent became payable on January 2, 2013. Under the forbearance agreements discussed above, MWG paid approximately \$7.1 million in deferred lease rent on or about February 15, 2013. Under the Facility Leases, on July 2, 2013, approximately \$75 million in further lease rent payments will become payable and, including

such rent payments, approximately \$560.1 million in lease rent payments will become payable under the Facility Leases before the termination of the Powerton leases in 2034 and the Joliet leases in 2030.

22. The lease rent payments under the Facility Leases are used by the Owner Lessors to support the principal and interest payments on the Certificates, which are secured under the Lease Indentures by, among other things, an assignment of the Facility Leases and a mortgage on the underlying PoJo Facilities. Lease rent payments in excess of the amounts required to service the Certificates are available for distribution to the Owner Participants.¹⁰

V. EME's Obligations Under the Lease Documents

23. In addition to MWG's obligations under the PoJo Leases and other Lease Documents, EME is obligated under the Lease Documents in four ways.

- Under certain guarantees executed by EME in favor of the Owner Lessors (collectively, the "EME Guarantees") in connection with the Transaction, EME "unconditionally and irrevocably guarantees, as primary obligation and not merely as surety," MWG's payment of rent under the Facility Leases. See EME Guarantees § 2.1.
- Under certain guarantees executed by EME in favor of the Owner Participants and certain of their affiliates (collectively, the "OP Guarantees") in connection with the Transaction, EME "unconditionally and irrevocably guarantees, as primary obligation and not merely as surety" MWG's obligation to pay "all amounts" due to the Owner Participants. See OP Guarantees § 2.1.
- The participation agreements that govern the Transaction (collectively, the "Participation Agreements") require EME, subject to certain conditions, to indemnify the Owner Lessors, the Owner Participants, the Indenture Trustees, and the Pass-Through Trustees, among other entities, for certain non-tax claims related to the financing and operation of the PoJo Facilities. See Participation Agreements § 12.1.
- Under certain tax indemnity agreements between EME and each of the Owner Participants (collectively, the "Tax Indemnity Agreements") executed in

¹⁰ For over ten years, no lease rent paid by MWG to the Owner Lessors has been used to make distributions to the Owner Participants.

connection with the Transaction, EME, subject to certain terms and conditions, agrees to indemnify each Owner Participant for the adverse tax consequences resulting from breaches of representations and warranties under the Tax Indemnity Agreement and certain acts or omissions of MWG. See Tax Indemnity Agreements § 6.1–6.10.

**MWG’s and EME’s Efforts to Restructure
the Facility Leases and Related Lease Documents**

24. Since before the Petition Date, MWG and EME have engaged in discussions with their stakeholders regarding potential restructuring alternatives with respect to the PoJo Facilities. Specifically, MWG and EME have engaged in discussions with the Owner Lessors, the ad hoc committee of certain Certificateholders (the “Certificateholder Group”), the Committee, and the ad hoc committee of certain holders of EME’s unsecured notes (the “Noteholder Group”) in an effort to develop and agree upon a comprehensive restructuring of the obligations under the Facility Leases and related Lease Documents.

25. Although MWG and EME and their stakeholders remain hopeful that the parties will ultimately agree on the terms of a comprehensive restructuring of the underlying lease obligations, such an agreement has not yet been reached. Moreover—given the size and complexity of the PoJo Lease structure, the number of parties involved, and the short timeframe before the deadline to assume or reject the PoJo Leases—the Debtors will not reach a final agreement, if at all, before the July 1, 2013 deadline under section 365(d)(4) of the Bankruptcy Code to assume or reject the PoJo Leases.

26. Thus, the Debtors believe there are three choices. *First*, MWG can assume the PoJo Leases. Assumption of the PoJo Leases on their current terms, however, is not feasible and assumption would impair stakeholder value in the face of MWG’s adjusted operating loss of \$253 million in 2012, scheduled rent payments in 2013 totaling \$151.3 million (and \$560.1 million during the remaining terms of the Facility Leases), and MWG’s obligation to

fund approximately \$445 million in capital expenditures at the PoJo Facilities beginning in the summer of 2013 (or consider shutting down units) to comply with certain environmental regulations.

27. **Second**, MWG can allow the PoJo Leases to be rejected on July 1, 2013. Like assumption of the PoJo Leases, the rejection of the PoJo Leases is an undesirable outcome because rejection impairs—if not conclusively forecloses—the Debtors’ ability to facilitate continued discussions and analysis among all stakeholders to determine whether a restructuring of the MWG lease obligations can be achieved.

28. **Third**, MWG and its stakeholders can agree on an extension of the deadline to assume or reject the PoJo Leases to facilitate continued restructuring discussions in a manner that does not prejudice the Debtors’ estates or the rights of their stakeholders. Although the Debtors have begun to explore this third option with all relevant stakeholders, to date, the parties have been unable to reach agreement on all of the terms for a consensual extension that does not prejudice the Debtors’ estates.¹¹

29. MWG and EME are prepared to offer consideration to the Certificateholder Group and Owner Lessors in return for an extension of the deadline to assume or reject the PoJo Leases. More specifically, and in an effort to facilitate ongoing discussions that may lead to a consensual restructuring and the ultimate assumption of the PoJo Leases, MWG and EME are prepared to agree to an extension on the following terms and conditions:

- the date by which MWG must assume or reject the PoJo Leases is extended through and including November 1, 2013;

¹¹ As noted above, the deadline to assume or reject the PoJo Leases may be extended upon prior written consent of the Owner Lessors. See 11 U.S.C. § 365(d)(4)(B)(ii). The Debtors have also engaged, in addition to the Owner Lessors, the Certificateholder Group to obtain its consent to the Extension.

- MWG continues to make presently scheduled environmental retrofit capital expenditures for the PoJo Facilities from July 2, 2013, through the rejection of the Facility Leases;
- MWG pays accrued reasonable and documented out-of-pocket professional fees and expenses of the Certificateholder Group and the Owner Lessors through entry of the Extension Order; and
- to the extent MWG ultimately rejects the PoJo Leases, such rejection will be effective as of July 1, 2013.

30. Furthermore, the Extension would be without prejudice to the right of MWG to assume or reject any of the PoJo Leases and related Lease Documents at any time. In addition, all parties would reserve their rights to assert any claims (including rejection damage claims or cure claims) or defenses thereto associated with MWG's potential future assumption or rejection of the PoJo Leases and related Lease Documents. The Extension would also reserve the rights of all parties with respect to the characterization of the PoJo Leases and all rights, claims and interests of the Owner Lessors, the Pass-Through Trustee, and the Certificateholders with respect to the PoJo Leases.

31. Alternatively, in the absence of an agreement on an extension, MWG and EME seek entry of an order rejecting the PoJo Leases and related Lease Documents at the hearing on June 27, 2013, with such rejection being effective as of the entry of such order. To the extent that the PoJo Leases and related Lease Documents are rejected pursuant to the Rejection Order, MWG intends to continue operating the PoJo Facilities in the ordinary course until the relevant, applicable required regulatory approvals are obtained to facilitate the orderly turnover of the PoJo Facilities to the Owner Lessors.

Basis for Relief

I. The Court Should Authorize the Debtors' Request for the Extension to Permit MWG and EME and Their Stakeholders to Continue to Discuss Restructuring Alternatives With Respect to the PoJo Facilities.

A. Section 363(b) of the Bankruptcy Code Authorizes the Debtors' Request for the Extension.

32. Section 363(b) of the Bankruptcy Code provides, in relevant part, that a debtor, “after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). Although section 363 of the Bankruptcy Code does not set forth a standard for determining when a use of estate property outside the ordinary course of business should be authorized, courts in this and other circuits have consistently held that such use is appropriate if the transaction represents the sound or reasonable business judgment of the debtor. See, e.g., Fulton State Bank v. Schipper (In re Schipper), 933 F.2d 513, 515 (7th Cir. 1991) (noting that sale under section 363 involves exercise of fiduciary duties and requires an “articulated business justification”); Official Comm. of Unsecured Creditors of Artra Group, Inc. v. Artra Group, Inc. (In re Artra Group, Inc.), 300 B.R. 699, 702 (Bankr. N.D. Ill. 2003) (noting that Bankruptcy Rule 9019 requires settlement to fall within range of reasonableness); In re Telesphere Commc’ns, Inc., 179 B.R. 544, 552 (Bankr. N.D. Ill. 1994) (same); see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070 (2d Cir. 1983) (requiring “some articulated business justification to approve the use, sale, or lease of property outside of the ordinary course of business”). If a valid business justification exists for the use of property of the estate, a debtor’s decision enjoys a strong presumption that “in making the 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 S.N.A. Nut Co., 186 B.R. 98, 102 (Bankr. N.D. Ill. 1995) (citations omitted); In re H. King and Assocs., 295 B.R.

246 (Bankr. N.D. Ill. 2003) (noting that business judgment standard presumes that corporate action was in the best interests of the company). Indeed, when applying the “business judgment” standard, courts show great deference to a debtor’s business decisions. See Pitt v. First Wellington Canyon Assoc. (In re First Wellington Canyon Assoc.), No. 89-C-593, 1989 WL 106838, *3 (N.D. Ill. Sept. 8, 1989) (“Under this test, the debtor’s business judgment . . . must be accorded deference unless shown that the bankrupt’s decision was taken in bad faith or in gross abuse of the bankrupt’s retained discretion”); see also In re Johns-Manville Corp., 60 B.R. 612, 615–16 (Bankr. S.D.N.Y. 1986) (“[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor’s management decisions”). Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b)(1) of the Bankruptcy Code.

33. Absent the Extension, the PoJo Leases and other related Lease Documents will be rejected on or before July 1, 2013. Absent a consensual restructuring proposal or extension consistent with the Extension, rejection of the PoJo Leases and other related Lease Documents is necessary to (a) minimize the Debtors’ liability for postpetition administrative rent obligations that become payable under the Leases on July 2, 2013; and (b) preserve stakeholder value in the face of an adjusted operating loss of \$253 million in 2012, scheduled rent payments in 2013 totaling \$151.3 million (and \$560.1 million during the remaining terms of the Facility Leases), and the obligation to fund approximately \$445 million in capital expenditures at the PoJo Facilities beginning in the summer of 2013 (or consider shutting down units) to comply with certain environmental regulations.

34. The Extension on the other hand, if agreed to by the necessary parties, would preserve the status quo and, most importantly, provide MWG and EME with the additional time

necessary to continue discussions with their respective stakeholders regarding potential restructuring alternatives with respect to the PoJo Facilities. This may lead to the assumption of the PoJo Leases on amended terms and the avoidance of litigation regarding rejection damages and other related claims. There can be no doubt that an extension of time is in *all* parties' best interest and, therefore, falls firmly within MWG's and EME's respective business judgment.

B. Bankruptcy Rule 9019 Authorizes the Debtors' Entry into the Extension.

35. In addition, Bankruptcy Rule 9019(a) permits a bankruptcy court to approve a debtor's "compromise or settlement" after notice and a hearing, provided that the settlement is "fair and equitable." Fed. R. Bankr. P. 9019(a); see Depoister v. Mary M. Holloway Found., 36 F.3d 582, 586 (7th Cir. 1994) ("In conducting a hearing under Rule 9019(a), the bankruptcy court is to determine whether the proposed compromise is fair and equitable and in the best interests of the bankruptcy estate.") (internal citations omitted); In re Andreuccetti, 975 F.2d 413, 421 (7th Cir. 1992) (noting that Bankruptcy Rule 9019(a) authorizes the court to approve a settlement if "the settlement is in the best interests of the estate."); In re Energy Co-op, Inc., 886 F.2d 921, 926–927 (7th Cir. 1989) (noting that "benchmark for determining the propriety of a bankruptcy settlement is whether the settlement is in the best interests of the estate.").

36. Compromises are tools for expediting the administration of the case and reducing administrative costs and are favored in bankruptcy. See Fogel v. Zell, 221 F.3d 955, 960 (7th Cir. 2000) ("Judges naturally prefer to settle complex litigation than to see it litigated to the hilt, especially when it is litigation in a bankruptcy proceeding—the expenses of administering the bankruptcy often consume most or even all of the bankrupt's assets."); In re Martin, 91 F.3d 389, 393 (3d Cir. 1996) ("To minimize litigation and expedite the administration of a bankruptcy estate, compromises are favored in bankruptcy").

37. It is well-settled that a proposed settlement need not be the best result that the debtor could have achieved, but only must fall “within the reasonable range of litigation possibilities.” Energy Co-op, 886 F.2d at 929; Artra Group, 300 B.R. at 702 (noting that Bankruptcy Rule 9019 requires settlement to fall within range of reasonableness); In re Telesphere Commc’ns, Inc., 179 B.R. 544, 553 (Bankr. N.D. Ill. 1994) (same). Furthermore, the Seventh Circuit has instructed that, “[c]entral to the bankruptcy judge’s determination is a comparison of the settlement’s terms with the litigation’s probable costs and probable benefits. Among the factors the bankruptcy judge should consider in [the] analysis are the litigation’s probability of success, the litigation’s complexity, and the litigation’s attendant expense, inconvenience, and delay.” LaSalle Nat’l Bank v. Holland (In re Am. Reserve Corp.), 841 F.2d 159, 161 (7th Cir. 1987) (citations omitted.).

38. MWG and EME are continuing to engage in discussions with their stakeholders regarding the Extension, and the terms proposed by the Debtors remain subject to change.¹² The Debtors submit that the current proposed terms of the Extension, if agreed upon by the parties, are in the best interests of the Debtors’ estates. Importantly, the Extension would allow the Debtors to continue to engage in discussions with their stakeholders regarding a consensual restructuring of the PoJo Leases without having to fight a premature, potentially costly battle regarding assorted rejection damage and other claims at this critical juncture in these chapter 11 cases. Notwithstanding the overwhelming benefits of the Extension, it also includes some major concessions by MWG as well. Specifically, the Extension contemplates that MWG pay certain accrued professional fees and expenses of the Owner Lessors and Certificateholder Group. Furthermore, the Extension contemplates that MWG will continue to make presently scheduled

¹² To the extent the terms of the Extension change, the Debtors will update to the Court and other parties in interest as soon as practicable before the hearing on this Motion.

environmental retrofit capital expenditures for the PoJo Facilities from July 2, 2013, through the ultimate assumption or rejection of the Facility Leases. MWG is prepared to take on these reasonable obligations in light of its view of the value that a potential consensual restructuring of the PoJo Facilities may provide to the Debtors' estates.

39. On balance, the Extension positions, at reasonable cost, MWG and EME to engage in further productive discussions with their stakeholders regarding the terms of a potential value-maximizing restructuring of the PoJo Leases. For these reasons, the Debtors submit that the Extension easily meets the reasonableness standard under Bankruptcy Rule 9019.

C. MWG Hopes to Obtain the Owner Lessors' Consent to Extend the Deadline to Assume or Reject the PoJo Leases as Required Under Section 365(d)(4) of the Bankruptcy Code.

40. Section 365(d)(4) permits a debtor-lessee to extend the deadline to assume or reject an unexpired lease of nonresidential real property "upon prior written consent of the lessor," among other requirements. See 11 U.S.C. § 365(d)(4)(B)(ii). Here, MWG hopes to obtain the Owner Lessors' consent to extend the deadline to assume or reject the PoJo Leases. Accordingly, the Debtors submit that MWG will satisfy section 365(d)(4)(B)(ii) of the Bankruptcy Code.

D. All Interested Parties Have Received Sufficient Notice of and May Be Bound by the Extension.

41. The Debtors submit that the notice to be provided to all interested parties is sufficient and appropriate under the circumstances. Importantly, MWG and EME have been engaged in discussions with the advisors to the Owner Lessors and the Certificateholder Group (which represents approximately 80 percent of the holders of the Certificates by outstanding principal amount) since before the Petition Date regarding a potential consensual restructuring of the PoJo Facilities. As such, the Owner Lessors and the overwhelming majority of the

Certificateholders have had substantial notice that the Debtors may seek the relief requested by this Motion. Furthermore, the Debtors have provided at least 17 days' notice of the terms of the proposed Extension and an opportunity to object.

42. Finally, in addition to the Certificateholders' independent right to object to the Motion, if the Pass-Through Trustee receives written direction from a majority in principal amount of the Certificateholders to object to the Extension on or before June 25, 2013, the Pass-Through Trustee will not be bound by the Extension.

43. The Debtors submit that such notice is sufficient under the facts and circumstances of these chapter 11 cases. Indeed, courts in this and other jurisdictions have approved settlements with similar notice provisions in other complex chapter 11 proceedings. See, e.g., In re UAL Corp., No. 02-48191 (ERW) (Bankr. N.D. Ill. Feb. 15, 2005); In re Conseco Inc., No. 02-49672 (CAD) (Bankr. N.D. Ill. Jan. 29, 2003); see also In re Capmark Fin. Grp., 438 B.R. 471, 475 (Bankr. D. Del. 2010) (holding that settlement negotiated by ad hoc committee of certain lenders was binding on all lenders unless lenders opted out); In re U.S. Concrete, Inc., No. 10-11407 (PJW) (Bankr. D. Del. June 2, 2010) (approving class action settlement that bound any class members who failed to object or opt out); Floyd v. CIBC World Markets, Inc., 426 B.R. 622, 649 (Bankr. S.D. Tex. 2009) (finding that financial advisor's failure to object to settlement, despite knowing that it disapproved, waived financial advisor's right to approve settlement); In re DJK Residential LLC, Case No. 08-10375 (JMP) (Bankr. S.D.N.Y. Dec. 11, 2008) (approving class action settlement that bound any class members who failed to object or opt out); In re Calpine Corp., No. 05-60200 (BRL) (Bankr. S.D.N.Y. Nov. 26, 2007) (holding that settlement of make-whole obligations negotiated by ad hoc committee of certain lenders was binding on all lenders unless lenders opted out); In re Calpine Corp., No. 05-60200

(BRL) (Bankr. S.D.N.Y. Nov. 26, 2007) (same); In re Calpine Corp., No. 05-60200 (BRL) (Bankr. S.D.N.Y. Sept. 19, 2007) (same); In re Calpine Corp., No. 05-60200 (BRL) (Bankr. S.D.N.Y. Aug. 7, 2007) (same).

II. Alternatively, the Court Should Authorize the Rejection of the PoJo Leases and Related Lease Documents.

44. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a); see also Johnson v. Fairco Corp., 61 B.R. 317, 319–20 (N.D. Ill. 1986) (“The debtor in possession’s decision to assume or reject an unexpired lease is subject to court approval after notice and hearing”). The decision to assume or reject an executory contract or unexpired lease is a matter within the “business judgment” of the debtor. See Nat’l Labor Relations Bd. v. Bildisco & Bildisco (In re Bildisco), 465 U.S. 513, 525 (1984) (noting that business judgment standard applies to decision to approve rejection or assumption of executory contracts and unexpired leases); see also In re Kmart Corp., No. 02-02474, 2007 WL 4556991, at *7 (Bankr. N.D. Ill. Nov. 20, 2007) (same).

45. The business judgment standard provides that a court should approve a debtor’s business decision unless the decision is the product of bad faith, whim, or caprice. See Lubrizol Enters. v. Richmond Metal Finishes, 756 F.2d 1043, 1047 (4th Cir. 1985); see also In re Bullet Jet Charter, Inc., 177 B.R. 593, 601 (Bankr. N.D. Ill. 1995) (recognizing that decision to assume or reject executory contract or unexpired lease is governed by business judgment standard); In re Del Grosso, 115 B.R. 136, 138 (Bankr. N.D. Ill. 1990) (same). Further, “[t]his provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co., 83 F.3d 735, 741 (5th Cir. 1996) (internal citation omitted).

A. The Decision to Reject the Facility Leases Is a Sound Exercise of MWG's Business Judgment.

46. MWG has determined, in its sound business judgment, that absent a negotiated resolution between Debtors and their respective stakeholders, the PoJo Leases are significantly burdensome, provide no near-term cash flow to its estate, and will impair MWG's ability to reorganize absent rejection (or an acceptable restructuring of the obligations, which has not yet been achieved). As MWG's decision to reject the PoJo Leases is not motivated by "bad faith, whim, or caprice," MWG's decision to reject the PoJo Leases satisfies the "business judgment" standard. See Lubrizol, 756 F.2d at 1047.

47. The PoJo Facilities earn revenue principally through the sale of electricity and capacity and related services to PJM Interconnect, LLC ("PJM"). With respect to the sale of electricity, PJM dispatches power generated at the PoJo Facilities to meet real-time electricity demand in the states in which PJM operates. Pricing for the electricity is generally determined by the least efficient unit that PJM needs to meet demand for a respective zone. For MWG to earn revenue from generating electricity, its costs for fuel and operations must remain lower than the least efficient unit needed by PJM. To sell capacity, non-Debtor affiliate Edison Mission Marketing & Trading, Inc. ("EMMT") markets its commitment for the units to be available as needed during future market periods. Pricing for these sales is calculated as a function of PJM's annual required reserve margin, the estimated net cost of "new entrant" generation, estimated peak demand, and the actual amount of capacity bid into the market at or below the demand curve.

48. At present, uncertainty regarding future energy and capacity prices coupled with the need to install environmental retrofits in excess of \$400 million presents a challenging economic situation for the PoJo Facilities. Overall, MWG projects negative adjusted earnings

before interest, taxes, depreciation, and amortization (“EBITDA”) under a range of future price scenarios. Further, the economic performance and capital expenditure requirements surrounding the PoJo Facilities and MWG’s coal fleet more generally, have materially affected, and will continue to materially affect, the economic performance of the Debtors’ broader business enterprise. Importantly, between 2006 and 2012, MWG’s adjusted EBITDA fell from \$631 million to negative \$152 million—a decline of approximately \$783 million. MWG’s poor performance, in turn, has affected EME’s overall performance during the same period, with EME’s adjusted EBITDA falling from \$993 million in 2006 to \$80 million in 2012.¹³ MWG and EME anticipate that these trends will continue unabated unless power markets stabilize and strengthen.

49. The current terms of the PoJo Leases further impede any possible improvement in MWG’s financial health. As noted above, cash lease rent payments totaling approximately \$75 million are payable on July 2, 2013. Beyond this year, the Facility Leases further require future lease rent payments of approximately \$151.3 million in 2014, approximately \$66.7 million in 2015, approximately \$26.1 million in 2016, and total lease rent payments from July 2, 2013, through the termination of the Powerton Facility Leases in 2034 and the Joliet Facility Leases in 2030 of approximately \$560.1 million. These upcoming lease rent payments are substantial in light of forecasts of energy and capacity prices, expected economic performance, and capital expenditures required to comply with environmental regulations and are indefensible in light of the fact that the market rental rate for the Facility Leases is *de minimis*, if not zero.

50. In addition to such large semiannual rent payments, the Facility Leases impose significant ongoing operational costs on MWG and the other Debtors. Among other things,

¹³ EME’s adjusted EBITDA for 2012 includes production tax credits and excludes restructuring charges.

MWG must maintain the PoJo Facilities in accordance with “prudent industry practice” and in compliance with applicable laws, which require MWG to make substantial capital expenditures. See Facility Leases §7.1. MWG anticipates that it would require hundreds of millions of dollars of additional liquidity to cover the PoJo Facilities’ and MWG’s near-term capital expenditure and other operational needs, including capital expenditure investments of approximately \$445 million through 2016.

B. The Decision to Reject the Related Lease Documents Is a Sound Exercise of the Debtors’ Business Judgment to the Extent that the Court Authorizes MWG to Reject the Facility Leases.

51. To the extent that MWG is authorized to reject the Facility Leases, the Debtors submit that it is a sound exercise of their business judgment to reject the related Lease Documents, as these documents exclusively relate to the PoJo Facilities and complement the Facility Leases and, accordingly, will have absolutely no purpose once MWG’s underlying Facility Lease obligations are rejected. Accordingly, the Debtors respectfully request that the Court authorize the Debtors to reject the related Lease Documents.

C. The Court Should Authorize MWG to Continue to Operate the PoJo Facilities Following Rejection to Facilitate an Orderly Transfer to the Owner Lessors.

52. To the extent that the PoJo Leases and related Lease Documents are rejected, MWG seeks authority to continue operating the PoJo Facilities in the ordinary course pending receipt of the relevant, applicable required regulatory approvals to facilitate the orderly turnover of the PoJo Facilities to the Owner Lessors.

53. The Debtors submit that such relief is warranted due to the fact that MWG is *barred* under relevant, applicable laws and regulations from transferring the PoJo Facilities to the Owner Lessors after entry of the Rejection Order absent FERC approval. The Owner Lessors are likewise barred from operating the PoJo Facilities without prior FERC approval. Specifically,

section 203 of the Federal Power Act (“FPA”) requires that public utilities such as MWG obtain prior FERC authorization before transferring control of facilities such as the PoJo Facilities to the Owner Lessors, who will arguably become “public utilities” upon acquiring operational control over the Facilities, must obtain prior authorization from FERC to acquire control of these existing generation facilities. See 16 U.S.C. §§ 824b(a)(1)(A), 824b(a)(1)(D), 824(e); Calpine Fox LLC, 116 F.E.R.C. ¶ 61,261 at P1 (2006) (authorizing shifting control over facility from the lessee to the lessor); Mesquite Investors L.L.C., 111 F.E.R.C. ¶ 61,162 at P1 (2005) (identifying “interconnection facilities appurtenant to generating facilities” as among the jurisdictional facilities under section 203 of the FPA).¹⁴ As noted above, MWG has filed an application with FERC requesting approval for the Owner Lessors to assume operational control of the PoJo Facilities.

54. Here, the Owner Lessors currently are not permitted by governing federal energy law to operate the Facilities, even after rejection. In addition to their being prohibited from taking control of the PoJo Facilities before receipt of FERC approval under section 203 of the FPA, the Owner Lessors are prohibited from operating the PoJo Facilities to sell power into the wholesale markets without first receiving FERC market-based rate authority. See 16 U.S.C. § 824d; and 18 CFR § 35. As such, MWG must temporarily retain operational control of the PoJo Facilities to comply with relevant, applicable law and regulations, including market rules and reliability standards that are enforceable under the FPA, to facilitate an orderly transfer of operations to the Owner Lessors. MWG will continue to operate the PoJo Facilities in the ordinary course. Operating the PoJo Facilities in the ordinary course will preserve the value of

¹⁴ In addition, even if the PoJo Facilities were transferred to the Owner Lessors with the consent of FERC, certain variances with respect to Illinois environmental regulations may not be transferred without the consent of the Illinois Pollution Control Board. See, e.g., Ameren Energy Res. v. Ill. Envntl. Prot. Agency, Ill. Pollution Control Bd. No. 12-126 (June 6, 2013).

the Certificateholders' collateral and fulfill any relevant, applicable regulatory requirements. Because the Owner Lessors are not authorized to accept immediate operational control of the PoJo Facilities without first having obtained an order from FERC allowing them to do so, the Debtors submit it is appropriate for MWG to continue to operate the PoJo Facilities, pending the Owner Lessors' receipt of the necessary regulatory approvals to assume control of the PoJo Facilities.¹⁵

55. In addition, the Debtors are taking steps to facilitate an orderly and expeditious transfer of operational control of the PoJo Facilities. To that end, the Debtors have filed an application with FERC, requesting expedited approval for the Owner Lessors to assume operational control of the PoJo Facilities. MWG and EME have also engaged in preliminary discussions with the Owner Lessors regarding a plan to turn over operational control of the PoJo Facilities. And while the Debtors intend to continue operating the PoJo Facilities post-rejection and will continue to coordinate the potential turnover of the PoJo Facilities as part of an orderly transition, the Debtors reserve their rights to suspend and/or shut down operations at any time, subject to applicable nonbankruptcy law and legally enforceable market rules and reliability standards.

56. Given that the Owner Lessors are ineligible to take control of the PoJo Facilities until they receive certain necessary regulatory approvals, they will not suffer any prejudice from

¹⁵ Moreover, it is the Owner Lessors' legal inability to assume control of the PoJo Facilities—and not the Debtors' limited operational control of the PoJo Facilities post-rejection—that prevents the Owner Lessors from reletting and/or operating the PoJo Facilities. Even in the absence of the commencement of these chapter 11 cases, had the terms of the Facility Leases simply expired of their own accord, the Owner Lessors would be unable to take control of the PoJo Facilities without first fulfilling the regulatory requirements for obtaining such control. Indeed, even if these chapter 11 cases had never commenced, the Owner Lessors (or the Certificateholders through foreclosure or deed in lieu of foreclosure) would be unable without regulatory approval to relet or operate the PoJo Facilities in the event of a default under the Facility Leases. See, e.g., Nevada Solar One, LLC, 119 F.E.R.C. ¶ 61,285 at P14 (2007) (approving a sale-leaseback transaction and finding that the lenders, owner lessor, and owner participants will not be “public utilities” under FPA and that, to repossess facilities, “would first be required to make the appropriate filings with [FERC]”). Therefore, whether or when the PoJo Leases and related Lease Documents are rejected or terminated does not affect who controls the PoJo Facilities.

the Debtors' post-rejection operational control pending receipt of such regulatory approvals. The Court, therefore, should authorize MWG's continued temporary control during the transition period.¹⁶

D. Courts in the Seventh Circuit and Other Jurisdictions Have Authorized Debtors to Reject Similarly Burdensome Executory Contracts and Unexpired Leases.

57. Finally, courts in the Seventh Circuit and in other districts have authorized debtors to reject burdensome executory contracts and unexpired leases in the exercise of their sound business judgment. See, e.g., In re Edison Mission Energy, No. 12-49219 (JPC) (Bankr. N.D. Ill. Jan. 17, 2013); In re Southwest Women Working Together, No. 07-11659 (PSH) (Bankr. N.D. Ill. Aug. 23, 2007); see also In re Dynege Holdings LLC, No. 11-3811 (CGM) (Bankr. S.D.N.Y. Dec. 20, 2011); In re NR Liquidation III Co. (f/k/a Neff Corp.), No. 10-12610 (SCC) (Bankr. S.D.N.Y. June 8, 2010); In re Critical Access Health Servs. Corp., No. 09-92085 (BHL) (S.D. Ind. Oct. 21, 2009); In re Old Carco LLC (f/k/a Chrysler LLC), No. 09-50002 (AJG) (Bankr. S.D.N.Y. May 20, 2009); In re DJK Residential LLC, No. 08-10375 (JMP) (Bankr. S.D.N.Y. Feb. 26, 2008).¹⁷

Notice

58. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Northern District of Illinois; (b) the Committee; (c) the indenture trustee

¹⁶ The Debtors also submit that rejection of the PoJo Leases pursuant to section 365(a) of the Bankruptcy Code merely constitutes a prepetition breach, and not termination, of the PoJo Leases, and that MWG, therefore, can continue to operate the PoJo Facilities following entry of the Rejection Order. See 11 U.S.C. § 365(g) (providing that rejection of unexpired lease constitutes a prepetition breach of lease as of date immediately before filing of debtor's bankruptcy petition); see also Eastover Bank for Sav. v. Sowahee Venture (In re Austin Dev. Corp.), 19 F.3d 1077 (5th Cir. 1994) (holding that rejection, whether deemed under section 365(d)(4) or otherwise, does not terminate underlying leasehold interest).

¹⁷ Because of the voluminous nature of the orders cited herein, such orders have not been attached to the Motion. Copies of these orders are available upon request to the Debtors' counsel.

for the Debtors' senior unsecured notes; (d) counsel to the Noteholder Group; (e) the indenture trustee for the lessor notes related to the PoJo Facilities and the Pass-Through Trustee;¹⁸ (f) counsel to the Certificateholder Group; (g) all known holders of the Certificates and, via the Depository Trust Company's Legal Notice System (LENS), all holders of the Certificates; (h) the owner trusts and the equity investors for the PoJo Facilities (and their respective counsel, if known); (i) the lender under Debtor Edison Mission Energy's letter-of-credit facility; (j) the state attorneys general for states in which the Debtors conduct business; (k) United States Attorney for the Northern District of Illinois; (l) the Internal Revenue Service; (m) the Securities and Exchange Commission; (n) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (o) the Pension Benefit Guaranty Corporation; and (p) those parties who have requested service of papers in this case pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [Docket No. 183]. In light of the nature of the relief requested herein, the Debtors respectfully submit that no further notice is necessary.

No Prior Request

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

¹⁸ Pursuant to Section 10.1 of that certain Pass-Through Trust Agreement B, dated as of August 17, 2000, between Midwest Generation, LLC and the United States Trust Company of New York, as Pass-Through Trustee, the Pass-Through Trustee is required to transmit the Motion and any attachments thereto to the respective holders of the pass-through certificates.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A** or, alternatively, **Exhibit B**, granting the relief requested herein and such other and further relief as the Court deems appropriate.

Dated: June 10, 2013

/s/ David R. Seligman, P.C.

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Exhibit A

Proposed Form of Extension Order

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Chapter 11
)	
EDISON MISSION ENERGY, <u>et al.</u> , ¹)	Case No. 12-49219 (JPC)
)	
Debtors.)	(Jointly Administered)
)	
)	

**ORDER EXTENDING TIME TO ASSUME OR REJECT
POWERTON AND JOLIET FACILITY LEASES AND RELATED AGREEMENTS**

Upon the motion (the “Motion”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) approving the stipulation (the “Extension”); and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Finance Co. (9202); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY FOUND AND DETERMINED THAT:

A. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

B. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6006 and 9019.

C. Notice has been shortened with respect to the Motion pursuant to Bankruptcy Rule 9006(c)(1), so that the Motion was heard on June 27, 2013. As evidenced by the affidavits of service previously filed with the Court, and based on the representations of counsel at the hearing on the Motion, (i) notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the particular circumstances, (ii) such notice was good and sufficient, and (iii) no other or further notice of the Motion is or shall be required.

D. Notice of the Extension and the accompanying Motion was provided to the Certificateholders. The notice provided to the Certificateholders was reasonable and sufficient and complied with the applicable provisions of all applicable indentures governing the Pass-Through Certificates and no further notice to the Certificateholders is required.

E. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities, including: (i) the

Office of the U.S. Trustee for the Northern District of Illinois; (ii) members of and counsel to the official committee of unsecured creditors appointed to these chapter 11 cases; (iii) the indenture trustee for the Debtors' senior unsecured notes; (iv) counsel to the ad hoc committee of certain holders of the Debtors' senior unsecured notes; (v) the Trustees; (vi) the Owner Lessors and their respective counsel; (vii) the lender under Debtor Edison Mission Energy's letter-of-credit facility; (viii) the state attorneys general for states in which the Debtors conduct business; (ix) United States Attorney for the Northern District of Illinois; (x) the Internal Revenue Service; (xi) the Securities and Exchange Commission; (xii) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (xiii) the Pension Benefit Guaranty Corporation; and (xiv) those parties who have requested service of papers in this case pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [Docket No. 183]

F. The Extension represents a fair, prudent and reasonable compromise of the controversies resolved by the Extension and is in the best interests of the Debtors, their estates and creditors and the Certificateholders taking into account, among other things, (i) the probability of success on the claims being compromised as part of the Extension, (ii) the complexity of the litigation involved with respect to the claims being compromised as part of the Extension, and (iii) the paramount interest of the creditors and a proper deference to their views in respect of the Extension.

G. The Debtors have demonstrated both (i) good, sufficient, and sound business purpose and justification, and (ii) compelling circumstances for entry into the Extension prior to, and outside of, a plan of reorganization, and the Extension pursuant to sections 363 and

365(d)(4) of the Bankruptcy Code and Bankruptcy Rule 9019 is the best alternative for the Debtors, their respective estates and creditors, and the Certificateholders.

H. The Extension was proposed and negotiated into by the parties without collusion, in good faith and from arm's-length bargaining positions.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted as set forth herein.
2. All objections, including any objection of any Certificateholder, to the Extension, or any portion thereof, that have not been withdrawn, waived, settled, or specifically addressed in this Order and all reservations of rights included in such objections, are hereby overruled on the merits. Accordingly, the Pass-Through Trustee is authorized and directed to take any and all actions and execute any and all documents and instruments that are reasonably necessary or appropriate to implement and effectuate the Extension. The Pass-Through Trustee shall have no liability to any Certificateholder as a result of any act or failure to act by the Pass-Through Trustee in connection with the Extension.
3. The Debtors are authorized to enter into the Extension on the terms set forth in the Term Sheet attached hereto, and to execute, deliver, and implement the Term Sheet and all exhibits and attachments thereto.
4. The terms of the Extension set forth in the Term Sheet are hereby approved in all respects. All the terms of the Extension are hereby approved and are binding in all respects on all parties in interest in these cases, including the Debtors, the Certificateholders, the Owner Lessors, the Owner Participants, and the Pass-Through Trustee.

5. The deadline under section 365(d)(4) of the Bankruptcy Code to assume or reject the PoJo Leases is hereby extended through and including November 1, 2013.

6. To the extent that MWG rejects the PoJo Leases after the date hereof, such rejection shall be effective as of July 1, 2013.

7. The Debtors' entry into the Extension is authorized and ratified pursuant to sections 363(b) and 365(d)(4) of the Bankruptcy Code and Bankruptcy Rule 9019, and the Debtors are hereby authorized, empowered, and directed to enter into and perform, and consummate the transactions, contemplated by the Extension and to pay all consideration, fees, expenditures, and expenses as set forth in, and in accordance with, the terms and conditions of the Extension and all such consideration, fees, expenditures, and expenses are approved.

8. In furtherance of this Order, the Extension and any related agreements, documents, or other instruments may be modified, amended, or supplemented by the parties thereto in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court; provided such modification, amendment or supplement is not material.

9. As provided by Bankruptcy Rule 6004(g), and notwithstanding Bankruptcy Rule 7062, this Order shall be effective and enforceable immediately upon entry.

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2013
Chicago, Illinois

Jacqueline P. Cox
United States Bankruptcy Judge

Attachment 1

Extension Term Sheet

**EDISON MISSION ENERGY, ET AL. Chapter 11 Cases
Lease Restructuring Framework Term Sheet**

THIS TERM SHEET (THE “TERM SHEET”), PRESENTS CERTAIN PRELIMINARY TERMS OF A PROPOSED SETTLEMENT TRANSACTION PURSUANT TO WHICH CERTAIN ENTITIES SHALL EXTEND OR BE DEEMED TO HAVE AGREED (I) TO EXTEND THE DATE BY WHICH MIDWEST GENERATION, LLC (“MWG”) MUST ASSUME OR REJECT THE FACILITY LEASE AGREEMENTS WITH RESPECT TO THE POWERTON GENERATING STATION (“POWERTON”) AND UNITS 7 AND 8 OF THE JOLIET GENERATING STATION (“JOLIET” AND, TOGETHER WITH POWERTON, THE “LEASED FACILITIES”) UNDER SECTION 365 OF TITLE 11 OF THE UNITED STATES CODE (THE “BANKRUPTCY CODE”) AND (II) TO PROVIDE CERTAIN ACCOMMODATIONS WITH RESPECT TO CERTAIN RENT OBLIGATIONS THEREUNDER IN THE CHAPTER 11 CASE OF MWG (TOGETHER WITH EDISON MISSION ENERGY (“EME”) AND CERTAIN OF THEIR AFFILIATES, THE “DEBTORS”) THAT IS PENDING BEFORE THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS (THE “BANKRUPTCY COURT”).

THIS TERM SHEET DOES NOT CONSTITUTE AN OFFER OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS, THE CONSENTING CERTIFICATEHOLDERS, OR ANY OTHER PARTY, NOR DOES IT CONSTITUTE A SOLICITATION OF THE ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN FOR PURPOSES OF SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE.

THIS TERM SHEET IS SUBJECT TO ONGOING REVIEW AND MATERIAL REVISION BY THE DEBTORS AND THE CONSENTING CERTIFICATEHOLDERS. THE REGULATORY, TAX, ACCOUNTING, AND OTHER LEGAL AND FINANCIAL MATTERS AND EFFECTS RELATED TO THE TRANSACTION SET FORTH HEREIN HAVE NOT BEEN FULLY EVALUATED, AND THE RESULTS OF ANY SUCH EVALUATION MAY AFFECT THE TERMS AND STRUCTURE OF THE TRANSACTION.

THIS TERM SHEET IS NOT BINDING, IS SUBJECT TO MATERIAL CHANGE, AND IS BEING DISTRIBUTED FOR DISCUSSION PURPOSES ONLY.

<u>TERM SHEET</u> ¹	
Agreements Subject to this Term Sheet	<p>“<u>Facility Leases</u>” mean: (a) that certain Facility Lease Agreement (T1), dated as of August 17, 2000, between MWG and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I); (b) that certain Facility Lease Agreement (T2), dated as of August 17, 2000, between MWG and Powerton Trust II; (c) that certain Facility Lease Agreement (T1), dated as of August 17, 2000, between MWG and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I); and (d) that certain Facility Lease Agreement (T2), dated as of August 17, 2000, between MWG and Joliet Trust II.</p> <p>“<u>Subleases</u>” mean: (a) that certain Facility Site Sublease Agreement (T1), dated as of August 17, 2000, between MWG and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I); (b) that certain Facility Site Sublease Agreement (T2), dated as of August 17, 2000, between MWG and Powerton Trust II; (c) that certain Facility Site Sublease Agreement (T1), dated as of August 17, 2000, between MWG and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I); and (d) that certain Facility Site Sublease Agreement (T2), dated as of August 17, 2000, between MWG and Joliet Trust II.</p> <p>“<u>Leases</u>” means the Facility Leases and the Subleases, to the extent they are unexpired leases of nonresidential real property.</p>
Deadline to Assume or Reject the Facility Leases	Subject to entry by the Bankruptcy Court of an order approving this Term Sheet (the “ <u>Approval Order</u> ”) and the terms contained herein, the Owner Lessor Parties and the Consenting Certificateholders hereby agree, and the Trustee and Non-Consenting Certificateholders shall be deemed to have agreed, to extend the deadline for MWG to assume or reject any Leases to November 2, 2013.
Terms of Approval Order	Subject to entry of the Approval Order, the Debtors, the Owner Lessor Parties, and the Consenting Certificateholders hereby agree to continue to negotiate in good faith during the Extension Period all potential strategic alternatives, including, without limitation, the terms for a potential consensual restructuring or sale of the Leases and/or of MWG and its assets.
Capital Expenditures	Subject to entry of the Approval Order and the terms contained herein, MWG agrees to continue to make presently scheduled environmental retrofit capital expenditures for the premises subject to the Leases

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Facility Leases.

<u>TERM SHEET</u>¹	
	from July 2, 2013 through the rejection of the Facility Leases.
Additional Approval Order Findings	<p>In addition to the provisions of “Terms of Approval Order” set forth above, unless otherwise agreed in writing by the parties, the Approval Order shall, among other things, contain in substance the following findings:</p> <ul style="list-style-type: none"> • that the manner in which notice of the Debtors’ motion for entry of the Approval Order was provided to all parties entitled to such notice is approved; • that the Approval Order is and shall be binding on all current, former, and future Certificateholders and any successor to the Trustee as of the date of entry of the Approval Order; • that the compromise and settlement set forth in this Term Sheet is fair and reasonable to MWG, the Owner Lessor Parties, the Trustee, and the Certificateholders; • that the settlement and compromise set forth in this Term Sheet is approved; • the parties are authorized to enter into such other documentation as may be reasonably necessary to effectuate the terms of this Term Sheet; <u>provided</u> that any material terms beyond the scope of this Term Sheet or inconsistent with this Term Sheet shall require notice to the Noteholder Group and the Committee; and • the Trustee is authorized and directed take any and all actions and execute any and all documents and instruments that are reasonably necessary or appropriate to implement and effectuate the terms of this Term Sheet.
Reservation of Rights and Claims	<p>Except as otherwise provided herein, this Term Sheet is without prejudice to (i) the rights of (a) the Debtors to assume or reject any Lease at any time (including, without limitation, the rejection of any Lease in the event that the parties do not make sufficient progress concerning a potential restructuring or the terms of a turnover of the Leased Premises in the absence of an agreed restructuring); and (b) any party to assert any claims (including rejection damage claims or cure claims) or defenses thereto associated with such assumption or rejection; (ii) all rights of the parties (if any) with respect to the characterization of the Leases as true leases or secured financings; and (iii) all rights, claims (including, without limitation, administrative,</p>

<u>TERM SHEET</u>¹	
	secured, and unsecured claims) and interests of the Owner Lessor Parties, the Trustee, and the Certificateholders under or in connection with the Leases, the related operative documents, and applicable law, including without limitation, the Bankruptcy Code.
Rejection of the Facility Leases	If after entry of the Approval Order the Facility Leases are rejected, the effective date of rejection shall be July 1, 2013 for all purposes, including, without limitation, for purposes of Bankruptcy Code sections 365(d)(3) and 365(d)(5).
Payment of Professional Fees	<p>Subject to entry of the Approval Order and the terms contained herein, MWG agrees to pay all reasonable and documented fees and costs incurred and accrued by the following professionals through the date of entry of the Approval Order, within fifteen (15) days following the receipt of a detailed invoice (which may be redacted to protect privileged or confidential information):</p> <ul style="list-style-type: none"> • Lazard, LLC, • Centerview Partners LLC; • RPA Advisors, LLC; • Cadwalader, Wickersham & Taft LLP, as legal counsel to the Consenting Certificateholders through May 9, 2013; • O'Melveny & Myers LLP, as legal counsel to the Consenting Certificateholders and/or the Trustee beginning on May 10, 2013; • Shaw, Fishman, Glantz & Towbin LLC, as legal counsel to the Consenting Certificateholders and/or the Trustee; • Emmet, Marvin, & Martin LLP, as legal counsel to the Trustee; • Jenner & Block LLP, as legal counsel to the Owner Lessor Parties; and • Milbank, Tweed, Hadley & McCloy, LLP, as legal counsel to the Owner Lessor Parties. <p>Nothing herein shall be deemed or construed to require MWG to pay any success fee or incentive fee of any kind to any of the foregoing professionals</p>

<u>TERM SHEET</u>¹	
Failure to Enter Approval Order	If the Bankruptcy Court shall deny the entry of the Approval Order, in either case in whole or in part, then any agreements memorializing the transactions contemplated by this Term Sheet shall automatically terminate without further action by any of the parties, whereupon such agreements shall be null and void, all parties shall be released of their obligations thereunder, and all of the rights, claims and interests of parties shall be restored to the status quo ante.
Governing Law	This Term Sheet shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflict of law principles thereof.
Amendments	This Term Sheet shall not be amended or modified except by the written agreement of each party hereto. The parties shall provide no less than two business days' prior written notice to the Committee and the Noteholder Group of any proposed amendment or modification hereto.
Successors and Assigns	This Term Sheet shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and, upon entry of the Approval Order, the Certificateholders and each of their respective successors and assigns.
Key Defined Terms	<p>“<u>Certificateholders</u>” mean the holders of those certain 8.56% Series B Pass Through Certificates, issued in the original principal amount of \$813,500,000 pursuant to that certain Pass Through Trust Agreement B, dated as of August 17, 2000 (the “<u>Pass Through Trust Agreement B</u>”), between MWG and The Bank of New York, as successor Pass Through Trustee.</p> <p>“<u>Committee</u>” means the official committee of unsecured creditors in the Debtors’ chapter 11 cases.</p> <p>“<u>Consenting Certificateholders</u>” mean the Certificateholders that are party hereto.</p> <p>“<u>Equity Investors</u>” mean: (a) Associates Capital Investments, L.L.C.; and (b) Nesbitt Asset Recovery LLC.</p> <p>“<u>Extension Period</u>” means the period from the date of entry of the Approval Order through November 2, 2013.</p> <p>“<u>Non-Consenting Certificateholders</u>” means any Certificateholders</p>

TERM SHEET¹

other than the Consenting Certificateholders.

“Noteholder Group” means the ad hoc committee of holders of EME’s senior unsecured fixed rate notes.

“Owner Lessors” mean: (a) Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I); (b) Joliet Trust II; (c) Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I); and (d) Powerton Trust II.

“Owner Lessor Parties” mean the: (a) Owner Lessors; (b) Owner Participants; (c) and Equity Investors (as each is defined below).

“Owner Participants” mean: (a) Nesbitt Asset Recovery LLC, Series J-1 (as successor to Joliet Generation I, LLC), (b) Joliet Generation II, LLC; (c) Nesbitt Asset Recovery LLC, Series P-1 (as successor to Powerton Generation I, LLC), and (d) Powerton Generation II, LLC.

“Trustee” means The Bank of New York Mellon, in its capacity as successor Pass Through Trustee under the Pass Through Trust Agreement B.

* * * * *

[SIGNATURE PAGES TO COME]

Exhibit B

Proposed Form of Rejection Order

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
EDISON MISSION ENERGY, <u>et al.</u> , ¹)	Case No. 12-49219 (JPC)
)	
Debtors.)	(Jointly Administered)

**ORDER AUTHORIZING REJECTION OF POWERTON
AND JOLIET FACILITY LEASES AND RELATED AGREEMENTS**

Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order") authorizing but not directing the Debtors to reject the Facility Leases² and related Lease Documents, effective as of July 1, 2013, all as more fully set forth in the Motion; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and the Court

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Finance Co. (9202); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy's corporate headquarters and the Debtors' service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

² Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Motion.

having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. The PoJo Leases and any other agreements relating to the PoJo Facilities, including, but not limited to, those documents identified on **Attachment 1** attached hereto, are each rejected, effective as of the date of the entry of this order, pursuant to section 365(a) and 365(g)(1) of the Bankruptcy Code.

3. Consistent with the rejection of the PoJo Leases in accordance with paragraph 2 hereof, MWG is authorized, but not directed, to continue to operate the PoJo Facilities in accordance with terms of the Facility Leases and related Lease Documents pending turnover of the PoJo Facilities to the Owner Lessors in accordance with applicable nonbankruptcy law.

4. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall constitute or be deemed to constitute: (a) an admission as to the validity of any claim against a Debtor entity; (b) a waiver of the right of the Debtors, the Committee, or the Noteholder Group to dispute or object to any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion; (e) a request or authorization

to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or
(f) a waiver of the right of the Debtors, the Committee, or the Noteholder Group under the
Bankruptcy Code or any other applicable law.

5. The Debtors are authorized but not directed to take all actions necessary to
effectuate the relief granted pursuant to this Order in accordance with the Motion.

6. The Court retains jurisdiction with respect to all matters arising from or related to
the implementation of this Order.

Dated: _____, 2013
Chicago, Illinois

Jacqueline P. Cox
United States Bankruptcy Judge

Attachment 1

Lease Documents

**Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I)
Executory Contracts and Unexpired Leases**

Amended and Restated Trust Agreement (T1), dated as of August 17, 2000, between Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC) and Wilmington Trust Co.

Assignment and Assumption Agreement (T1), dated as of August 24, 2000, among Midwest Generation, LLC and Nesbit Asset Recovery (f/k/a PSEGR Midwest, LLC).

Bill of Sale (T1), dated as of August 17, 2000, executed by Midwest Generation, LLC in favor of Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Certificates issued pursuant to the Pass-Through Trust Agreements.

Consent to the Sale of Assets, dated as of August 17, 2000, among Commonwealth Edison Company, Midwest Generation, LLC, and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Facility Deed, dated as of August 17, 2000, between Midwest Generation, LLC and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Facility Lease Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as owner lessor) and Midwest Generation, LLC (as facility lessee).

Facility Site Lease and Easement Agreement, dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as ground lessee).

Facility Site Sublease Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Guarantee, dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) and Edison Mission Energy (as guarantor).

Guaranty, dated as of August 17, 2000, among Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC), Nesbit Asset Recovery (f/k/a PSEGR Midwest, LLC), and Edison Mission Energy (as guarantor).

Indenture of Trust, Mortgage, and Security Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) and The Bank of New York (as successor lease indenture trustee).

Memorandum of Facility Site Lease and Easement Agreement, dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as ground lessee).

Memorandum of Facility Site Sublease, dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Memorandum of the Facility Lease (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as owner Lessor) and Midwest Generation, LLC (as facility lessee).

Operation Agreement, dated as of August 17, 2000, among Midwest Generation, LLC and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Owner Participant Guaranty, made by PSEG Resources, Inc. in favor of Edison Mission Energy, Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I), Midwest Generation, LLC, Wilmington Trust Company (as owner trustee), The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Participation Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC, Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I), Wilmington Trust Company (as owner trustee), Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC), Edison Mission Energy, The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement A, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement B, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Purchase and Sale Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC and Nesbitt Asset Recovery (f/k/a PSEGR Midwest, LLC).

Series A Lessor Note Due July 2, 2009.

Series B Lessor Note Due July 2, 2014.

Shared Facilities Agreement No. 1 (Powerton Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Shared Facilities Agreement No. 1 (Powerton Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and Powerton Trust II.

Shared Facilities Agreement No. 2 (Powerton Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and the Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Shared Facilities Agreement No. 2 (Powerton Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and Powerton Trust II.

Subordination Agreement, dated as of August 17, 2000, among Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I), Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC), The Bank of New York (as successor lease indenture trustee), and Citibank, N.A. (as collateral agent).

Tax Indemnity Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC) (as owner participant) and Edison Mission Energy.

Powerton Trust II Executory Contracts and Unexpired Leases

Amended and Restated Trust Agreement (T2), dated as of August 17, 2000, between Powerton Generation II, LLC and Wilmington Trust Co.

Assignment and Assumption Agreement (T2), dated as of August 24, 2000, among Midwest Generation, LLC and Associates Capital Investments, L.L.C.

Bill of Sale (T2), dated as of August 17, 2000, executed by Midwest Generation, LLC in favor of Powerton Trust II.

Certificates issued pursuant to the Pass-Through Trust Agreements.

Consent to the Sale of Assets, dated as of August 17, 2000, among Commonwealth Edison Company, Midwest Generation, LLC, and Powerton Trust II.

Facility Deed, dated as of August 17, 2000, between Midwest Generation, LLC and Powerton Trust II.

Facility Lease Agreement (T2), dated as of August 17, 2000, among Powerton Trust II (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Facility Site Lease and Easement Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Powerton Trust II (as ground lessee).

Facility Site Sublease Agreement (T2), dated as of August 17, 2000, among Powerton Trust II (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Guarantee, dated as of August 17, 2000, among Powerton Generation II, LLC, Associates Capital Investments, L.L.C., and Edison Mission Energy (as guarantor).

Guarantee, dated as of August 17, 2000, among Powerton Trust II and Edison Mission Energy (as guarantor).

Indenture of Trust, Mortgage and Security Agreement (T2), dated as of August 17, 2000, among Powerton Trust II and The Bank of New York (as successor lease indenture trustee).

Memorandum of Facility Lease (T2), dated as of August 17, 2000, among Powerton Trust II (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Memorandum of Facility Site Lease and Easement Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Powerton Trust II (as ground lessee).

Memorandum of Facility Site Sublease (T2), dated as of August 17, 2000, among Powerton Trust II (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Operation Agreement, dated as of August 17, 2000, among Midwest Generation LLC and Powerton Trust II.

Owner Participant Guaranty, made by Associates Capital Investments, L.L.C. in favor of Edison Mission Energy, Powerton Trust II, Midwest Generation, LLC, Wilmington Trust Company (as owner trustee), The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Participation Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC, Powerton Trust II, Wilmington Trust Company (as Owner Trustee), Powerton Generation II, LLC, Edison Mission Energy, The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement A, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement B, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Purchase and Sale Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC and Associates Capital Investments, L.L.C.

Series A Lessor Note Due July 2, 2009.

Series B Lessor Note Due January 2, 2015.

Shared Facilities Agreement No. 1 (Powerton Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Shared Facilities Agreement No. 1 (Powerton Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and Powerton Trust II.

Shared Facilities Agreement No. 2 (Powerton Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I).

Shared Facilities Agreement No. 2 (Powerton Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and the Powerton Trust II.

Subordination Agreement, dated as of August 17, 2000, among Powerton Trust II, Powerton Generation II, LLC, The Bank of New York (as successor lease indenture trustee), and Citibank, N.A. (as collateral agent).

Tax Indemnity Agreement (T2), dated as of August 17, 2000, among Powerton Generation II, LLC (as owner participant) and Edison Mission Energy.

Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I)
Executory Contracts and Unexpired Leases

Amended and Restated Trust Agreement (T1), dated as of August 17, 2000, between Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC) and Wilmington Trust Co.

Assignment and Assumption Agreement (T1), dated as of August 24, 2000, among Midwest Generation, LLC and Nesbitt Asset Recovery (f/k/a PSEGR Midwest, LLC).

Bill of Sale (T1), dated as of August 17, 2000, executed by Midwest Generation, LLC in favor of Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Certificates issued pursuant to the Pass-Through Trust Agreements.

Consent to the Sale of Assets, dated as of August 17, 2000, among Commonwealth Edison Company, Midwest Generation, LLC, and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Facility Deed, dated as of August 17, 2000, between Midwest Generation, LLC and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Facility Lease Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Facility Site Lease and Easement Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as ground lessee).

Facility Site Sublease Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Guarantee, dated as of August 17, 2000, among Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC), Nesbitt Asset Recovery (f/k/a PSEGR Midwest, LLC), and Edison Mission Energy (as guarantor).

Guarantee, dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) and Edison Mission Energy (as guarantor).

Indenture of Trust, Mortgage and Security Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) and The Bank of New York (as successor lease indenture trustee).

Memorandum of Facility Lease (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Memorandum of Facility Site Lease and Easement Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as ground lessee).

Memorandum of Facility Site Sublease (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Operation Agreement, dated as of August 17, 2000, among Midwest Generation LLC and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Owner Participant Guaranty, made by PSEG Resources, Inc. in favor of Edison Mission Energy, Powerton Trust II, Midwest Generation, LLC, Wilmington Trust Company (as owner trustee), The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Participation Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC, Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I), Wilmington Trust Company (as Owner Trustee), Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC), Edison Mission Energy, The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement A, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement B, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Purchase and Sale Agreement (T1), dated as of August 17, 2000, among Midwest Generation, LLC and Nesbitt Asset Recovery (f/k/a PSEGR Midwest, LLC).

Series A Lessor Note Due July 2, 2009.

Series B Lessor Note Due July 2, 2014.

Shared Facilities Agreement No. 1 (Joliet Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and the Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Shared Facilities Agreement No. 1 (Joliet Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust II.

Shared Facilities Agreement No. 2 (Joliet Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and the Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I).

Shared Facilities Agreement No. 2 (Joliet Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust II.

Subordination Agreement, dated as of August 17, 2000, among Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I), Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC), The Bank of New York (as successor lease indenture trustee), and Citibank, N.A. (as collateral agent).

Tax Indemnity Agreement (T1), dated as of August 17, 2000, among Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet Generation I, LLC) (as owner participant) and Edison Mission Energy.

Joliet Trust II Executory Contracts and Unexpired Leases

Amended and Restated Trust Agreement (T2), dated as of August 17, 2000, between Joliet Generation II, LLC and Wilmington Trust Co.

Assignment and Assumption Agreement (T2), dated as of August 24, 2000, among Midwest Generation, LLC and Associates Capital Investments, L.L.C.

Bill of Sale (T2), dated as of August 17, 2000, executed by Midwest Generation, LLC in favor of Joliet Trust II.

Certificates issued pursuant to the Pass-Through Trust Agreements.

Certificates issued pursuant to the Pass-Through Trust Agreements.

Consent to the Sale of Assets, dated as of August 17, 2000, among Commonwealth Edison Company, Midwest Generation, LLC, and Joliet Trust II.

Facility Deed, dated as of August 17, 2000, between Midwest Generation, LLC and Joliet Trust II.

Facility Lease Agreement (T2), dated as of August 17, 2000, among Joliet Trust II (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Facility Site Lease and Easement Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Joliet Trust II (as ground lessee).

Facility Site Sublease Agreement (T2), dated as of August 17, 2000, among Joliet Trust II (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Guarantee, dated as of August 17, 2000, among Joliet Generation II, LLC, Associates Capital Investments, L.L.C., and Edison Mission Energy (as guarantor).

Guarantee, dated as of August 17, 2000, among Joliet Trust II and Edison Mission Energy (as guarantor).

Indenture of Trust, Mortgage and Security Agreement (T2), dated as of August 17, 2000, among Joliet Trust II and The Bank of New York (as successor lease indenture trustee).

Memorandum of Facility Lease (T2), dated as of August 17, 2000, among Joliet Trust II (as Owner Lessor) and Midwest Generation, LLC (as facility lessee).

Memorandum of Facility Site Lease and Easement Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC (as ground lessor) and Joliet Trust II (as ground lessee).

Memorandum of Facility Site Sublease (T2), dated as of August 17, 2000, among Joliet Trust II (as ground sublessor) and Midwest Generation, LLC (as ground sublessee).

Operation Agreement, dated as of August 17, 2000, among Midwest Generation LLC and Joliet Trust II.

Owner Participant Guaranty, made by Associates Capital Investment LLC in favor of Edison Mission Energy, Joliet Trust II, Midwest Generation, LLC, Wilmington Trust Company (as owner trustee), The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Participation Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC, Joliet Trust II, Wilmington Trust Company (as Owner Trustee), Joliet Generation II, LLC, Edison Mission Energy, The Bank of New York (as successor lease indenture trustee), and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement A, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Pass-Through Trust Agreement B, dated as of August 17, 2000, among Midwest Generation, LLC and The Bank of New York (as successor pass through trustee).

Purchase and Sale Agreement (T2), dated as of August 17, 2000, among Midwest Generation, LLC and Associates Capital Investments, L.L.C.

Series A Lessor Note Due July 2, 2009.

Series B Lessor Note Due July 2, 2014.

Shared Facilities Agreement No. 1 (Joliet Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust I.

Shared Facilities Agreement No. 1 (Joliet Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust II.

Shared Facilities Agreement No. 2 (Joliet Trust I), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust I.

Shared Facilities Agreement No. 2 (Joliet Trust II), dated as of August 17, 2000, between Midwest Generation, LLC and the Joliet Trust II.

Subordination Agreement, dated as of August 17, 2000, among Joliet Trust II, Joliet Generation II, LLC, The Bank of New York (as successor lease indenture trustee), and Citibank, N.A. (as collateral agent).

Tax Indemnity Agreement (T2), dated as of August 17, 2000, among Joliet Generation II, LLC (as owner participant) and Edison Mission Energy.

Other Executory Contracts and Unexpired Leases

Purchase Agreement, dated as of August 17, 2000, between Edison Mission Energy, Midwest Generation, LLC, Credit Suisse First Boston Corporation, and Lehman Brothers, Inc.

Registration Rights Agreement, dated as of August 17, 2000, between Edison Mission Energy, Midwest Generation, LLC, Credit Suisse First Boston Corporation, and Lehman Brothers, Inc.

Reimbursement Agreement, dated as of October 26, 2001, among Edison Mission Energy and Midwest Generation, LLC.